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Industrial Development Board

Twenty-fourth session

SUMMARY RECORD OF THE 1st MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 19 June 2001, at 10.15 a.m.

Temporary President: Mr. ORTIZ (Spain)
President: Mr. HOSSEINI (Islamic Republic of Iran)

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The meeting was called to order at 10.15 a.m.

OPENING OF THE SESSION

1. **The TEMPORARY PRESIDENT** declared open the twenty-fourth session of the Industrial Development Board.

2. Development was a prerequisite for peace. His country was closely involved in cooperation for development, as borne out by its status as a major donor to the United Nations system and its bilateral assistance efforts. He thanked delegations and the Secretariat for their cooperation and support during his term of office as President of the Board. In that connection he highlighted the importance of consensus in international relations, and also of multilingualism.

3. The recent performance of UNIDO had enhanced the confidence of the membership, resulting in an increasing number of donor countries. UNIDO had long experience of cooperation with Governments and industry, and had earned a reputation as an honest broker with expertise in resolving industrial development problems. Its work had become more vital with the advance of globalization. Its mission was to assist countries in achieving sustainable development, and he hoped that it would be able to play a leading role at the following year's World Summit on Sustainable Development, to be held in South Africa.

ELECTION OF OFFICERS

4. **The TEMPORARY PRESIDENT** said that he had received the following nominations: Mr. P. Hosseini (Islamic Republic of Iran) for the post of President; Mr. A. G. Abdel Rahman Hassan (Sudan), Mr. F. Pittaluga Fonseca (Uruguay) and Mr. A. Fabijansky (Poland) for the posts of Vice-President; and Mr. C. Janssens de Bisthoven (Belgium) for the post of Rapporteur.

5. *The candidates were elected by acclamation.*

6. *The President took the Chair.*

7. **The PRESIDENT** said that the Organization should continue to focus its efforts on national capacity-building through multilateral cooperation. Cooperation and dialogue should be stepped up with a view to enhancing UNIDO's international standing and its role in alleviating poverty and protecting the environment. He was confident that the session would make progress along those lines and that a spirit of compromise would prevail throughout the deliberations.

ADOPTION OF THE AGENDA (IDB.24/1 and Add.1; IDB.22/CRP.1)

8. *The provisional agenda (IDB.24/1) was adopted.*

ORGANIZATION OF WORK

9. **The PRESIDENT** proposed that the Board should once again decide to suspend rule 32 of the rules of procedure regarding the quorum. Rule 80 provided for a 24-hour period of notice of a proposal for suspension, which could be waived if no member of the Board objected. If he heard no objection, he would assume that the Board wished to suspend rule 32.

10. *It was so decided.*

INTRODUCTORY STATEMENTS

11. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group (GRULAC), thanked the current Director-General for his efficient leadership of UNIDO, which had proved crucial in overcoming the Organization's financial and institutional crises. During the current session, the Board would have the important task of deciding on the future leadership of the Organization. It should be guided by experience. UNIDO could only build on the process of reform embarked on four years previously under the same management, thereby ensuring the continued support of Member States. GRULAC believed that the election of Carlos Magariños for a further term of office would be the best guarantee of enhancing the Organization's role as the main agency of the United Nations system for promoting industrial development.

12. **Mr. YODA** (Burkina Faso) said that his country would do its utmost to contribute towards the success of the current session, which had a number of important items on its agenda. Africa's nomination of a candidate for the post of Director-General reflected the political commitment of the whole continent. Africa attached great importance to the work of the Organization, and had worked alongside other regions in the promotion of reforms. High-ranking officials from Africa had frequently visited UNIDO to provide input and support. Africa was not seeking preferential treatment, but merely an opportunity to participate fully in the Organization's activities. It was in that spirit that it was proposing Mr. Ouedraogo of Burkina Faso as its candidate for the post of Director-General.

13. Other important agenda items on which he looked forward to constructive discussion included the implementation of integrated programmes, resource mobilization, the Organization's overall financial situation and the programme and budgets for 2002-2003. Although he welcomed the fact that 43 integrated programmes had been drawn up, it was regrettable that less than a fourth of the resources required for their implementation had so far been mobilized. He paid tribute to those Member States which had contributed in that regard, urging others to follow suit. The Secretariat, in consultation with recipient countries, should review its resource mobilization strategy and explore all possible funding sources, including regional financial institutions. Burkina Faso had had to curtail certain activities owing to a shortage of funds.

14. With regard to the financial situation of the Organization, it was pleasing to note that, notwithstanding their economic problems, nine African countries, including Burkina Faso, were among the 40 States that had fully paid their assessed contributions up to 2001. The fact that 59 States had lost their voting rights and that arrears now totalled US$ 129,544,377 gave cause for genuine concern.

15. His delegation also noted with concern the reduction in resources allocated to major programmes C and D, which it regarded as crucial to the enhancement of cooperation activities and the fight against poverty. It also regretted the low level of execution of activities under the Industrial Development Decade for Africa (IDDA) for the years 2000-2001, and urged UNIDO to cooperate closely with the authorities in Africa with a view to setting up new mechanisms pursuant to the decisions taken by the Conference of African Ministers of Industry (CAMI) at its most recent meeting, in Madagascar. In conclusion, he reaffirmed his country's commitment to working to achieve the objectives of UNIDO, to which it pledged its full support.

16. **Mr. COCAUTHREY** (Côte d'Ivoire) said that following the coup d'état in December 1999 his country's constitution and democratic institutions had been suspended and its development programme had come to an abrupt halt. The return to normal democratic life had begun with a referendum in July 2000, following which a new Constitution had been adopted and national elections held, culminating in the election of Laurent Gbagbo as President of the Republic in October 2000. Other institutions provided for by the new Constitution would shortly be set up, whereupon a policy of decentralization and regionalization would be implemented. Socio-political tensions were easing following the establishment of a forum for national reconciliation. There had been a slight improvement in the economic situation, with a 1 per cent growth rate projected for 2001. In order to achieve economic development, the Government intended to apply strict fiscal and budgetary measures, holding inflation at about 3 per cent, enhancing the competitiveness of the domestic economy and improving the business environment so as to promote the development of the private sector.

17. In the context of efforts to develop the country's economy, the Government was launching an all-out assault on AIDS, which had wrought havoc on Côte d'Ivoire's productive capacity. Accordingly, the new President had established a Ministry with the exclusive mandate of combating AIDS — the first of its kind in the world. The new Ministry had drawn up a strategic and operational plan aimed both at prevention and at providing care for victims and their families country wide.

18. In its efforts to promote development, the Government was also concluding an interim programme with the Bretton Woods institutions. With regard to industrialization, a 3 per cent growth rate was projected for 2001. The Government intended to make industrialization a keystone of renewal, so as to build a modernized, diversified economy capable of sustainable development and better able to combat poverty. In a globalized free market economy, a competitive industrial sector was more vital than ever before. Côte d'Ivoire placed great hopes in UNIDO and in international industrial cooperation. He praised the excellent relations the Organization had maintained with Côte d'Ivoire since 1969, culminating in a $7.5 million integrated programme begun in October 1999; he urged donors and UNIDO to mobilize the remaining funds needed for the programme.

19. Côte d'Ivoire would do its utmost to assume its role as Chairman of the Patrons' Group of the Alliance for Africa's Industrialization (AAI). Through AAI, UNIDO had become more involved in the industrialization of Africa, providing welcome support for the various programmes. His delegation called on other international institutions and donors to lend their support to those efforts. UNIDO must, as a matter of urgency, draw up a new strategy to mobilize resources so as to secure full implementation of the programmes already adopted, and new ways must be found of involving more partners in industrial development. UNIDO should also work more closely with beneficiary countries to provide technical assistance and support for industrial development. In that regard, Côte d'Ivoire again called for the establishment of a UNIDO regional office in Abidjan, which had been the subject of a formal agreement between UNIDO and Côte d'Ivoire concluded in November 1999.

20. **Mr. GONZALEZ** (Chile) said that, under the leadership of the Director-General, UNIDO had managed to overcome the structural crisis which, during the 1980s, had called its very existence into question.

Though problems remained, among them the search for alternative sources of financing execution of the integrated programmes, UNIDO had now found the right way forward. Voluntary contributions by Member States must also be encouraged, so as to generate the resources needed for implementation of technical cooperation projects. His delegation noted with concern that the problem of insufficient resources was also partly attributable to the failure of a significant number of Member States to fulfil their obligations. About one third of Member States had lost their voting rights. One way of alleviating that situation would be to increase the number of donor States, together with their contributions to the various UNIDO programmes. Another possibility was to seek alternative sources of financing, particularly from the private sector—a strategy favoured by Chile.

21. While acknowledging that the Organization's core function was provision of technical cooperation services, Chile supported the activities undertaken by UNIDO in its capacity as a world forum, activities that raised its profile and increased its international visibility. In an era of globalization, it was important to forge alliances with the private sector, civil society and the academic world.

22. UNIDO had provided Chile with valuable guidance regarding the allocation of its limited resources. In recent years the Government had placed great emphasis on the application of science and technology to industrial activity, particularly with regard to clean technologies, a national technology foresight programme and environmentally sustainable development. UNIDO had lent valuable support in that regard. Its activities in collaboration with the Global Environment Facility (GEF) were of particular value, enabling national and regional projects to be developed and financed in areas such as climate change, biodiversity and protection of the ozone layer and oceans. In that connection, he drew attention to a project aimed at studying the effects of the Humboldt current on the coastal populations of Peru and Chile, and to a study of its environmental impact on Chile's southern coasts. Opposition to the Kyoto Protocol was a threat to sustainable development. Lastly, his delegation reiterated its support for the current Director-General's management of UNIDO, and its commitment to the Organization's goals.

23. **Mr. DE MIGUEL ALVAREZ** (Spain) said that in recent years the Director-General had effectively implemented a rational and ambitious programme of reforms drawn up by the Organization's governing bodies, enabling UNIDO to overcome its crisis and consolidate its capacity for action. Spain wished to see that direction maintained in the coming period. The outgoing President of the Board was to be congratulated on the manner in which he had guided its work, and Spain had every confidence in the capacity of the newly elected President to continue that work in an equally effective fashion.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2000 ON THE ACTIVITIES OF THE ORGANIZATION (IDB.24/2 and Corr.1 and Add.1; IDB.24/CRP.7)

24. **Mr. MAGARIÑOS** (Director-General) thanked the outgoing President of the Board for his admirable work in that capacity, and congratulated the incoming President and Bureau on their election. Since his management and administrative activities over the past year had been discussed at considerable length at the most recent meeting of the Programme and Budget Committee, he would not exercise his prerogative of reporting at length on those activities, but he drew attention to a document containing a brief report that had been circulated informally on the previous day. He would be pleased to answer questions and to provide additional clarifications in due course concerning the documentation provided. First, however, the Managing Director of the Field Operations and Administration Division would provide an overall introduction to agenda item 4, as well as to other selected items of the agenda, which, in view of time constraints, would not be introduced individually.

25. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) highlighted major issues on which the Board needed to take decisions and make recommendations to the General Conference. From the Secretariat's point of view, the most important agenda item was the report of the Programme and Budget Committee (PBC) (agenda item 5). It covered two categories of issues: those on which the PBC had not made any recommendations, leaving it to the Board to make appropriate proposals to the General Conference; and those which had been examined in detail by the PBC both in plenary and during the informal consultations and for which suitable recommendations and/or draft decisions had been prepared for approval by the Board.

26. The two main items in the former category were the scale of assessments for apportionment of the regular budget expenses and the appointment of the External Auditor, on each of which the Secretariat had circulated detailed background documents (IBD.24/5 and IDB.24/7 and Add.1 respectively). It was hoped that the Board would make definitive recommendations to the General Conference on those subjects.

27. The most important subject in the second category was the programme and budgets for 2002-2003 (IDB.24/3 and IDB.24/20). The PBC had endorsed the Programme and Budgets for 2002-2003, as contained in document IDB.24/3, recommending approval of the

estimates of the regular budget gross expenditure of 137,922,300 euros to be financed from assessed contributions in the amount of 133,689,800 euros and other income of 4,232,500 euros, as well as the approval of estimates for the operational budget. However, one Member State had reserved its position on the figure for assessed contributions of 133,689,800 euros. The PBC had also requested the Director-General to give the Board more details on the changes proposed to the programme framework as outlined in document IDB.24/3, taking into account comments by Member States and the implications for the UNIDO budget as a whole. The information requested was provided in document IDB.24/20.

28. The PBC had also expressed concern at the negative growth in the operational budget and the reduction of major programmes C and D. Those issues were related: the main reason for the reduction of major programmes C and D was the lower level of technical cooperation delivery expected during 2002-2003. A significant portion of the resources for the regional offices directly contributed to the implementation of major programmes C and D; thus the Organization's substantive delivery capacity would be maintained during the 2002-2003 biennium. Furthermore, while the budgeted resources for those programmes had been reduced, the actual resources available might be higher in 2002-2003 than in the current biennium.

29. The Director-General had also been requested by the PBC to identify savings and efficiencies. One Member State (the largest contributor) had suggested that the estimates of budget expenditures should be further reduced through savings. However, when the Organization was struggling to maintain the level of resources earmarked for substantive programmes while keeping administrative expenditure to the minimum, scope for further reductions was very limited—in fact, non-existent. Document IDB.24/20 provided information on the extent of efficiency savings made in the administrative areas, namely major programmes F ("Administration"), G ("Buildings Management") and H ("Indirect Costs"), which totalled 7.6 per cent before recosting. Between January 1999 and June 2001 the number of posts in Administration and the Buildings Management Service had been reduced by as much as 16 per cent.

30. He wished to dispel the misconception that staff working in administrative units such as Personnel and Finance merely performed "administrative" or "bureaucratic" duties which could be downsized or even dispensed with. In addition to their necessary administrative functions, such staff also performed duties relating to technical cooperation activities, such as the recruitment of consultants, keeping the roster of experts up to date, purchase of equipment for technical assistance projects, funds mobilization and maintenance of accounts and evaluation. Also, while professional technical services could be contracted out to consultants, the same was not true of professional services provided by administrative staff. While the Secretariat would continue its efforts to identify and make additional efficiency savings, further budgetary cuts in the administrative areas were not possible and would indeed undermine the Organization's capacity to deliver technical cooperation assistance. Financial resources to strengthen UNIDO's substantive programmes must be sought through an increased level of voluntary funding by donor countries.

31. UNIDO was already bound to observe the principle of zero real growth, which reduced its capacity for strengthening reforms, its field organization and stepping up its technical cooperation programmes. The main thrust of the programme and budget proposals was therefore stabilization and consolidation. When comparisons were made with other international organizations, due account must be taken of the special situation of UNIDO, which had suffered excessive budget cuts in the past. On behalf of the Director-General and the Secretariat, he therefore urged Member States to recognize the genuine difficulties and constraints facing the Organization, to adopt the programme and budget proposals endorsed by the PBC in their entirety, and to recommend them to the General Conference for approval.

32. Other matters covered in the report of the PBC (IDB.24/22) were concerned with decisions on the Working Capital Fund, the financial regulations and the introduction of the euro. As he had mentioned earlier, issues which had not been discussed in the PBC were the scale of assessments for the fiscal period 2002-2003 and the appointment of an external auditor.

33. Agenda item 4 was concerned with the Annual Report of UNIDO for 2000, in connection with which a list of technical cooperation activities (IDB.24/2/Add.1) had been distributed.

34. With regard to item 6, which dealt with the financing of UNIDO programmes, it should be noted that annual funds mobilization for integrated programmes had increased from $23.7 million in 1999 to $32.4 million in 2000.

35. Item 7 provided a status report on UNIDO's environment-related activities, in particular on steps taken to strengthen the working relationship between the Organization and the Global Environment Facility, UNIDO's preparations for the World Summit on Sustainable Development to be convened at Johannesburg in September 2002, and activities in the area of climate change and the environment.

36. On item 8, concerning field representation, two documents had been submitted: IDB.24/15 and IDB.24/CRP.5. The latter document incorporated the results of a survey undertaken in response to Member States' recommendation that the Secretariat make an in-depth analysis of the current situation of the field offices and their contribution to technical cooperation delivery. That analysis confirmed that the role of the field offices was basically that of providing support for the proper functioning of the Organization. With regard to technical cooperation activities, technical personnel at Headquarters were the prime movers in programme and project formulation and implementation, while the field offices played a supportive role. Available financial resources prevented any basic or strategic restructuring and the Secretariat's efforts in the next biennium would be concentrated on stabilizing and consolidating the existing field structure.

37. The documentation on item 9 (IDB.24/16 and Add.1) provided information on UNIDO's involvement in the Third United Nations Conference on the Least Developed Countries, held in May in Brussels. Through its participation, the Organization had been able to bring the role of production systems and productive capacities to the forefront of the development process in the least developed countries (LDCs).

38. Item 10 related to administrative matters; items 11 and 12 dealt with recommendations of the Joint Inspection Unit (JIU) and with non-governmental organizations seeking consultative status, respectively; and item 13 was concerned with the recommendation of a candidate for the post of Director-General.

39. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Annual Report of UNIDO (IDB.24/2 and Corr.1 and Add.1) indicated that much of the Organization's work in 2000 had been concerned with laying the foundations for structured sustainable development through global forum and technical cooperation delivery functions. While recognizing the relevance of global forum activities, the Group of 77 and China believed that such activities should serve to strengthen the technical cooperation programme. It was important to follow new trends in the development of technologies and translate them into practical programmes of technical cooperation in order to build industrial capacity in developing countries.

40. The Group was convinced that the industrialization strategy developed through the integrated programmes constituted one of the best means of ensuring the sustainable industrial development of developing countries and of alleviating poverty and ensuring productive employment. It noted with concern the fall in technical cooperation delivery during 2000 and wished to call upon all Member States to make more voluntary contributions available to implement technical cooperation activities. The Group believed that administrative costs could be reduced without endangering the effectiveness of the programmes. It would like to request the Secretariat to seek innovative ways of reducing those costs.

41. The Group again expressed its concern over the declining level of project implementation for 2000, only 82 per cent of approved projects having been implemented that year compared with 90 per cent in 1999. Donors and Member States should be urged to provide more resources and the Secretariat should make every effort to enhance the level of implementation.

42. The activities undertaken by UNIDO during 2000 in connection with investment and technology promotion constituted a positive endeavour, which needed to be further strengthened. The programme should be expanded so that as many developing countries as possible could benefit from it. The Secretariat might also clarify the criteria for organizing country promotion presentations and the delegates programme of the Investment and Technology Promotion Offices (ITPOs) with a view to providing a better understanding of the procedure and optimizing its use.

43. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union and the candidate countries of Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Turkey and Slovenia, said that the European Union remained fully committed to the successfully reformed UNIDO and to the implementation of the Business Plan on the Future Role and Functions of UNIDO, adopted by the General Conference in 1997. While maintaining its universal character, the Organization should focus on LDCs, particularly in Africa. The European Union would support UNIDO in the ongoing process of adjusting its activities in accordance with its objectives in areas where it enjoyed comparative advantages, concentrating on strengthening industrial capacity and promoting cleaner and sustainable industrial development.

44. The European Union believed that the integrated programmes were the principal instrument of technical cooperation delivery and supported the further development of that concept, building on the experience gained during the first years of implementation of the Business Plan. Existing programmes should be adjusted and new programmes developed in close cooperation with recipient countries according to realistic projections of resource availability.

45. The European Union was of the view that technical cooperation in some areas was best delivered through global and regional programmes or stand-alone projects.

46. UNIDO's global forum function was an integral part of its mandate. Well-targeted global forum activities could form an important basis for the further development of the Organization's services and its ability to respond to ongoing changes in global industrial development.

47. The European Union continued to encourage the further development of cooperation between UNIDO and other relevant international organizations, including through the United Nations Development Assistance Framework (UNDAF) process, in order to enhance the impact of UNIDO's activities in achieving its objectives and to avoid duplication of effort.

48. **Mr. TOUQ** (Observer for Jordan), speaking on behalf of the Asian Group, said that the delivery level of UNIDO's integrated programmes gave cause for concern. Document PBC.17/CRP.5 showed that the Organization had been able to raise only 25.94 per cent of the total funds required for its planned activities in that connection. Of the geographical regions, Asia had received a mere 14.15 per cent of the funds needed. That huge shortfall was a matter that had to be addressed urgently. There had been a decrease in technical cooperation delivery from $83.5 million in 1999 to $68.7 million in 2000, and a sharp decline in the share of the Asian and Pacific region. The Group wished to urge the Secretariat to increase the technical cooperation delivery rate.

49. The administrative costs for major programmes C and D, which related to strengthening of industrial capacities and to cleaner and sustainable industrial development, had been disproportionately high during 2000. If those costs were added to the expenditure under major programme F, which was earmarked solely for administration, it could be seen that the bulk of UNIDO's budget was utilized for administration only. The Group wished to urge that the excessive proportion of administrative expenditure be reduced so that more funds could be made available for technical cooperation activities.

50. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group, said that technology foresight was a very important aspect of UNIDO's activities which had been developed recently. It would serve as a key instrument in the strategic development policies of the countries of the Latin American and Caribbean region, which supported the Organization's activities in that field. As a follow-up to the outcome of the meeting held in Trieste in December 1999, various activities had been undertaken with the aim of establishing national commissions in the countries of the region and steps had been taken to formulate national technology foresight programmes. At the seminar held in Montevideo from 10 to 13 December 2000, which had been attended by representatives from 15 countries of the region, the activities initiated by those States been reviewed and consideration had been given to further activities that could be undertaken in the future.

51. **Mr. DE JESUS FIGUEIREDO** (Observer for Angola), speaking on behalf of the African Group, said that, while it noted from the Annual Report of the Director-General (IDB.24/2 and Corr.1 and Add.1) that UNIDO had, during the year 2000, laid the foundations for a number of new integrated programmes covering all regions, with priority given to Africa south of the Sahara and to LDCs, the African Group was concerned about the level of total funds available to ensure implementation of the 40 integrated programmes already elaborated. Of the total required funds of $247 million, only $59 million, approximately 24 per cent, was available. The Group wished to reiterate its request to the Secretariat to propose innovative mechanisms for funds mobilization in order to overcome that huge shortfall.

52. During the year 2000, three new programmes had been approved in addition to the 10 programmes being implemented in Africa. Of the total funds required to ensure full implementation of the 13 integrated programmes, namely $96.5 million, only $33 million—34 per cent—was available. The Group wished to urge the Secretariat, in cooperation with beneficiary States, to continue its efforts to enhance delivery.

53. It was a matter of concern that, three years after their elaboration, none of the integrated programmes had been fully implemented in the region. In the Group's view, that was due not only to a shortage of funds but also to other causes. Total technical cooperation delivery for Africa had decreased to $111.3 million, its level in 1997 having been $22 million. The Group urged the Secretariat to initiate measures in order to reverse that trend.

54. The Second Industrial Development Decade for Africa (IDDA II) would come to a close in 2002. The Secretariat should, in cooperation with all parties concerned, continue its efforts with a view to undertaking initiatives to ensure the prolongation of IDDA or to proposing a new mechanism to take over the role of IDDA during the next 10 to 20 years.

55. With regard to UNIDO's Global Environment Facility activities, the Group was gratified to note that the link with GEF had been strengthened through an intensive exchange of views and increased participation at meetings. The Secretariat should be encouraged to expand the different projects undertaken in the areas of industrial energy efficiency and cleaner production and environmental management.

56. The ongoing globalization of the world economy and production systems meant that investment

promotion activities were important for developing countries. The Secretariat should continue to support the efforts of developing countries and countries with economies in transition in bridging the technology gap through its international technology centres, and by providing them with sufficient human and financial resources to develop their activities.

57. **Mr. CHLEBO** (Observer for Slovakia) said that his delegation wished to express its gratitude for the effective administrative, financial and programmatic reforms implemented since the Director-General had assumed office. Slovakia fully supported the continuation of UNIDO's successful transformation in order to increase the impact, relevance and usefulness of the Organization in its task of promoting responsible and sustainable industrial development, as a means of achieving economic well-being and social development while ensuring environmental sustainability.

58. The world community had recently celebrated World Environment Day. His Government was highly appreciative of UNIDO's strong commitment to implementing practical solutions to improve industrial processes and prevent further degradation of the environment. Slovakia was involved in the activities of the global network of cleaner production centres with the aim of contributing to UNIDO's efforts to further the Stockholm Convention on Persistent Organic Pollutants (POPs) by helping developing countries and countries with transition economies to prepare inventories of existing stocks and action plans for their safe handling and destruction. The project could also contribute to improvements in production conditions, the care of the environment and the transfer of new technologies.

59. Slovakia strongly supported dialogue between the countries of the region and the world community. In 2000, his Government had successfully implemented economic reforms. In December of that year, Slovakia had become a fully fledged member of the Organization for Economic Cooperation and Development and had begun to participate in many activities on its agenda. In the regular report of the European Commission, Slovakia had for the first time been recorded as a market economy State. Also in 2000, owing to an improvement in the investment climate and the privatization of targeted State enterprises, there had been a large increase in foreign direct investment in Slovakia, amounting to $2.9 billion.

60. A major priority of UNIDO has been to encourage the expansion of the role of emerging donors within the region, in particular for the funding of neighbouring countries' programmes and projects. In 1999, Slovakia had financed the setting up of an investment and technology promotion office in Bratislava, whose establishment would mean a higher level of cooperation between UNIDO and Slovakia and closer interaction among UNIDO's ITPOs. Concentration of efforts to promote inward foreign direct investment in Slovakia's industry and services and outward investment and technology transfer to developing countries and transition economies could make a decisive contribution to ensuring that those countries' economies were connected to the global economy.

61. His Government fully supported the ongoing reform of UNIDO. It had paid its assessed contributions in full and on time and wished to encourage Member States to do likewise in order to enable UNIDO to implement its mandate in the interests of developing countries and countries with transition economies.

62. As a small country, Slovakia did not always have the means to resolve general issues but could compensate for that disadvantage by a determined and active approach to all major problems faced by the United Nations. Experience had shown that smaller countries could contribute significantly to the work of international organizations, partly owing to the fact that those countries were not burdened by power interests and were capable of presenting solutions acceptable to all. Slovakia had already demonstrated its ability to be an active player in the work of UNIDO.

63. **Mr. FREEMAN** (United Kingdom) said that his Government was pleased with the progress in reform registered under the stewardship of the Director-General. It had supported that process and wished to see it continue and deepen over the next four years.

64. To that end, it believed that UNIDO could benefit from developing a narrower focus, concentrating on a few core areas of activity. The Organization needed to work in those areas where it had comparative advantage and in areas which could not be more appropriately served by other international development agencies. It was especially important that UNIDO play an active part, through its development programmes, in the achievement of international development targets. UNIDO was well placed to collaborate with other major players in the environmental field through its links with the Montreal Protocol and GEF. UNIDO should be encouraged to expand its role in that area.

65. UNIDO's global forum activities were a key part of its programme. It was important for UNIDO to focus its global forum role on making globalization work for the least developed countries and for the alleviation of poverty. Given its limited financial resources, UNIDO could potentially achieve the greatest impact in the area of its normative global forum role, through the setting of standards in industrial development policy, research and the global spread of knowledge and good practice. To that end, and without detracting from the importance of appropriate levels of field representation, the

United Kingdom Government believed it important to retain strong core functions based in Vienna in order to implement the global forum agenda.

66. On the question of management reform, his Government would continue to support the reforms being pursued by UNIDO in that area and acknowledged the Organization's efforts to date to streamline its management structure. It also recognized that efforts had been made to introduce more effective means to monitor and evaluate UNIDO's development programmes.

67. His Government wished to encourage UNIDO to build on its relationships with other agencies in the United Nations system and to work closely with them in the context of UNDAF and the wider reform agenda of the United Nations.

68. **Mr. SHOUKRY** (Egypt) said that his country took a keen interest in the role played by UNIDO in support of the development of developing countries, a process in which effective cooperation among all peoples of the world had a decisive influence. Such interaction, which was essential for the development of humankind, should take due account of the concerns of countries facing the challenges of new development mechanisms. It was necessary to bear in mind the capacity of different peoples to pursue their development.

69. His Government wished to congratulate the Secretariat on the efforts that it had expended in implementing the programmes and activities of the Organization and hoped that those efforts would be maintained. It was appreciative of the Director-General's unceasing efforts to ensure that UNIDO continued to serve its Member States. The Organization should not be subjected to any measures that might have a negative impact on the effectiveness of its operations. While UNIDO should meet its obligations towards Member States, especially the developing countries, donor countries should also assume their responsibilities towards the developing countries, which needed to industrialize in order to serve their peoples.

70. With regard to the proposed programme and budgets for 2002-2003, while his Government recognized the need to ensure efficiency in UNIDO's expenditure, it felt that any decrease in the funding for major programmes C and D should be avoided.

71. Technical cooperation was an important area of activity. It was necessary to strengthen technical cooperation programmes for developing countries. Such programmes should be innovative so that UNIDO could continue to support the industrial development of those countries. The operational budget should be considered with that in mind, with a view to the avoidance of unnecessary cuts. The Secretariat should rectify the imbalances between operational and administrative expenditure.

72. The Government of Egypt fully supported UNIDO's field activities, which should be further strengthened as the principal means of achieving the Organization's objective, particularly in the developing countries.

73. **Mr. CHARRY SAMPER** (Colombia) said that his delegation supported the statements made by the representative of Peru on behalf of GRULAC and by the representative of Egypt on behalf of the Group of 77 and China. The comments of the representatives of the regional groups and other speakers should be taken into account in the course of the debate, which should not be merely a succession of monologues.

74. While the restructuring of UNIDO had been successful, it was important to maintain the momentum of that process. The Organization was still experiencing a chronic scarcity of funds and he wished to propose five ways of addressing that problem. First, UNIDO must encourage all Member States and other contributors to pay their assessed contributions, which formed the basis of the Organization's regular budget. Secondly, it was necessary to improve cooperation among the organizations of the United Nations system and the Bretton Woods institutions. Thirdly, a greater share of the budget should be allocated to technical cooperation. Fourthly, in addition to voluntary contributions, new sources of financing must be found. Transnational corporations, which were the major stakeholders in the current globalized economy, might be able to contribute to the Organization's budget and participate in the financing of specific projects. Decentralization was another way of increasing the overall financial capacity of UNIDO. Lastly, the Director-General should encourage the United States of America and the other industrialized countries that had withdrawn from UNIDO to rejoin the Organization.

75. He agreed with the representative of Sweden speaking on behalf of the European Union, that UNIDO should focus its priorities on sub-Saharan Africa and also encourage South-South cooperation. UNIDO should concentrate its efforts on specific large-scale projects instead of undertaking numerous small projects that lacked sufficient financing or had negligible impact.

76. **Mr. MAGARIÑOS** (Director-General) said that Member States should not draw erroneous conclusions from the Annual Report for 2000. It was necessary to have a broad overview of the Organization's performance in order to determine whether the decline in technical cooperation was a trend or merely a temporary situation that would soon be reversed. While there had been a record level of technical cooperation in

1996, many countries had left UNIDO that same year. Since that time, a number of new countries, including South Africa, had joined the Organization.

77. The representatives of the regional groups argued that UNIDO was not devoting sufficient attention to their regions or that the Organization's activities in their regions were unfocused. It was unfair to say that UNIDO had failed to mobilize funds. So far, $66 million, which represented 30 per cent of the Organization's funding requirements, had been mobilized, and he hoped that by the end of 2001 that sum would increase to between $90 million and $100 million. As for the regional distribution of the $66 million, $47 million (72 per cent) had been invested in Africa. Thus, UNIDO was succeeding in focusing its activities on Africa.

The meeting rose at 12.55 p.m.

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United Nations Industrial Development Organization

Industrial Development Board

Twenty-fourth session

SUMMARY RECORD OF THE 2nd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 19 June 2001, at 3 p.m.

President: Mr. HOSSEINI (Islamic Republic of Iran)
later: Mr. HASSAN (Sudan)
later: Mr. HOSSEINI (Islamic Republic of Iran)

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The meeting was called to order at 3.20 p.m.

ORGANIZATION OF WORK

1. **The PRESIDENT** said that the Bureau had decided to recommend that the Board should follow its previous practice and hold informal in-session consultations to facilitate the drafting of consensus decisions. The Bureau had also recommended that Mr. F. Pittaluga Fonseca (Uruguay), in his capacity as Vice-President, should chair the consultation meetings, assisted by Mr. A. Fabijanski (Poland), also in his capacity as Vice-President. Mr. A.G. Abdel Rahman Hassan, Vice-President, would assist the President in the plenary if the latter was required for other consultations during the session. The Bureau had agreed that draft decisions on items which had not yet been discussed in the plenary or whose consideration had not been concluded would not be dealt with in the informal consultations.

2. *It was so decided.*

3. **The PRESIDENT** informed the Board that the Bureau had further agreed to take note of a request received from the Government of Ukraine concerning a proposed payment plan for its arrears, pending distribution of the relevant document (IDB.24/25) and a subsequent decision.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2000 ON THE ACTIVITIES OF THE ORGANIZATION (*continued*) (IDB.24/2 and Corr.1 and Add.1; IDB.24/CRP.7)

4. **Mr. V. G. GARCIA III** (Observer for the Philippines) said that his delegation noted with concern the decreasing level of technical cooperation delivery and joined the call for UNIDO to adopt appropriate measures to keep administrative costs on technical cooperation projects in proportion with actual technical cooperation delivery. It further requested the Organization to have due regard for countries that had yet to benefit from integrated programmes when considering integrated programme projects for the Asian region.

5. For many countries in the Asia and the Pacific region, investment and technology services embracing Investment and Technology Promotion Offices (ITPOs), Investment Promotion Units (IPUs), International Technology Centres and Subcontracting and Partnership Exchanges (SPXs) constituted the core of UNIDO's *raison d'être* and the key element of its integrated programmes. The Organization therefore needed to reinforce such services in addition to its global forum and environment-related activities. Investment and technology promotion was crucial to industrial infrastructure development and capacity-building in the developing countries and to the establishment of an organized network for a worldwide business partnership, an area in which UNIDO had a reputation for expertise and performance. It should therefore maintain its comparative advantage in that field and enlarge upon it by increasing funding for the many Member States applying for such projects.

6. **Mr. SOERIAATMADJA** (Indonesia) said that UNIDO's commendable efforts in performance measurement and evaluation might usefully be further developed by establishing more comprehensive measurement indicators, covering the effectiveness and efficiency of UNIDO's activities, programmes and projects from the standpoint of recipients and the efficiency of allocation of resources from donor countries. Such measurement and evaluation was particularly important in view of resource constraints and would help Member States to monitor the progress made. It was a matter of concern that the level of effectiveness of project implementation, as reflected in the overall assessment shown in the table on page 41 of the Annual Report (IDB.24/2), had declined from 90 per cent in 1999 to 82 per cent in 2000. A further cause for concern was the steadily declining trend in technical cooperation delivery between 1991 and 2000. It was therefore of the utmost importance for UNIDO to exert greater efforts to improve project implementation and technical cooperation delivery.

7. The further development of country service frameworks was welcomed, provided effective implementation could be assured. They might be better suited to the requirements of larger countries with more complex industrial structures. Such frameworks would be consistent with the principle of UNIDO's services being demand-driven rather than supply-driven. He hoped that in future other countries, too, would benefit from such programmes, which would help accelerate the revitalization of industry.

8. **Mr. SREENIVASAN** (India) said that his delegation welcomed the presence of ministers of several African countries, as a testimony of Africa's commitment to UNIDO. UNIDO's assistance to industry to increase its competitiveness and its technical cooperation and global forum activities were highly appreciated, as was its successful integrated programme approach. Africa should derive maximum benefit from low-cost technology under such programmes and Indian expertise in that area, particularly in capacity building, was at the disposal of the African continent. Further commendable developments had taken place in the area of investment and technology promotion, with the Exchange programme and the establishment of International Technology Centres in seven countries, including his

own. The pilot phase of the International Centre for the Advancement of Manufacturing Technology was now nearing successful completion. Funds in an amount of $2 million had been raised and the operational phase was to be launched from 1 January 2002. The competitive skills of several industries would be considerably enhanced by the implementation of two national projects, concerning the toy and stone industries, with significant stakeholder participation, now under way, and another two, in the machine tools and lock industries, currently under development.

9. With the finalization of three country service frameworks in the previous year, attention should now be given to work on preparing further such frameworks. UNIDO interventions must be driven by demand rather than supply; once the needs of the host country were identified, integration of efforts from different agencies in their core fields of competence should logically follow. On the occasion of the Director-General's visit to India the previous year, the Indian Government had assured him of its continued support for UNIDO's activities and in finalizing the umbrella programme for the country. Most ongoing projects in India were nearing completion and there was an urgent need to formulate new projects suited to the requirements of industries in the current more competitive global context. Indeed, the need to increase the scope of UNIDO's activities in terms of both sectors and areas had never been greater, and the observed slowdown in formulating new projects was therefore a matter of concern.

10. Progress in upgrading India's office to a regional office had been somewhat slow but, after the initial difficulties, he trusted that the regional office would soon become fully functional. The study on the current situation of UNIDO field offices having apparently revealed that effective decentralization of activities to the field had remained incomplete, the grey areas in the functioning of field representation should be identified and field offices should work in full association with the host country to ensure the success and integration of UNIDO programmes in countries. A closer review of ongoing programmes with the host country would improve their implementation, thereby benefiting stakeholders, and bring about synergy in the implementation of programmes by different agencies.

11. It was gratifying to note the strengthening of UNIDO's association with the Global Environment Facility (GEF), with UNIDO being granted the status of executing agency of GEF, and the closer relations between UNIDO, GEF and the European Commission with regard to environment-related projects, with progress made in mobilizing resources. Cost-sharing contributions from recipient countries for various programmes would increase commitment and strengthen ownership, besides adding to the programmable balances. His Government was supporting a project for formulating projects for GEF funding. One project, for cold-bed methane recovery and commercial utilization, had been approved for India, but the response time for the formulation of projects for GEF funding needed to be reduced through greater interaction with the host country. India's strong commitment to promoting cleaner production was reflected in its establishment of a fourth Regional Cleaner Production Centre. Following a positive assessment of the Partnership Programme for the Automotive Project, phase 2 of the project was now under development, with strong stakeholder participation and concurrent as well as post-project evaluation.

12. The serious financial situation of UNIDO was a matter of concern to India, which had regularly paid both assessed and voluntary contributions, despite an increase in its contributions since 1999. UNIDO should maintain the existing maximum assessment rate of 25 per cent.

13. He drew attention to India's candidature, the only one from the Asian region, for the post of External Auditor, and trusted that it would receive the Board's support. The candidate was the Comptroller and Auditor-General of India, who had extensive experience in the field.

14. **Mr. SAHINBAS** (Turkey) noted the progress made in the implementation of integrated programmes but expressed concern that many such programmes could not be fully implemented on account of a shortage of funding. It was important to draw up realistic funding plans and to involve recipient countries in the preparation and implementation phases. Selecting feasible and effective projects and adapting existing programmes to changing circumstances would enable the integrated programmes to remain as the main focus of the Organization's activities.

15. UNIDO should continue to build a constructive relationship with various United Nations and other international and regional organizations, creating synergies and avoiding duplication. He welcomed UNIDO's contribution to the recent Third United Nations Conference on the Least Developed Countries, where it had shared its experience with the representatives of the least developed countries (LDCs) and other participant countries, for example in the field of energy and in the context of the round-table discussions held in parallel with the main Conference. UNIDO might usefully extend its contribution to other international and regional gatherings. Its participation in a seminar to be held in September 2001 in Istanbul in cooperation with the Organisation for Economic Cooperation and Development (OECD) on cross-border partnership for enterprise development and investment

promotion, covering the members of the Black Sea Economic Cooperation Organization (BSEC), would be most welcome. The seminar was expected to be the first step towards drawing up an investment charter for the BSEC countries.

16. Consolidation and stabilization of the field office network and the efforts made to enhance the effectiveness of those offices were important steps towards achieving well-planned decentralization and thus enhancing the Organization's performance. Cash contributions by the host countries were essential to meeting that objective.

17. Post distribution among UNIDO staff should be equitable and should take account of the staff's proven high-quality performance. Regarding vacancy announcements, the deadline for applications should be set in time for the Permanent Missions to be able to communicate the announcements to the relevant national authorities.

18. Acknowledging the successful changes brought about in the Organization in recent years as a result of the implementation of the Business Plan, he said that the next step was to assess the results of the reforms so as to assist the Organization in carrying out its crucial role effectively and efficiently.

19. **Mr. ZHANG YISHAN** (China) said that he was pleased to note the achievements made in refocusing priority areas, promoting technical cooperation, expanding the results of reform and further consolidating stability. The previous year had witnessed significant progress in cooperation between UNIDO and China. In December 2000, UNIDO, in cooperation with the Shanghai Municipal People's Government, the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation of China, had organized the Asia-Pacific Forum on Industrial Development in Shanghai, attended by ministers of industry and trade and high-ranking representatives of the public and private sectors and academia from 19 countries. Participants had discussed such issues as enhancing the competitiveness of industry in the region, the potential impact of China's entry into the World Trade Organization on the region and the role to be played by UNIDO. The Forum was expected to be conducive to a strengthening of industrial cooperation in the region. Several major cities had plans to develop their cooperation with UNIDO through trust funds in such areas as information technology, the development and application of sustainable energy resources, investment promotion and transfer of technology, with a government input of $2.5 million. The project document and trust fund agreement would soon be ready for signature. UNIDO's cooperation in the process was much appreciated.

20. While he was pleased to note a number of initiatives on which progress had been achieved, it was a matter of concern that, for a total of 43 integrated programmes for which $256 million was needed, only $66 million had been mobilized to date. He urged UNIDO to intensify the mobilization of funds.

21. Similarly, although there had been an improvement in the collection of assessed contributions, the amount of arrears had also grown, and the Organization's finances had not fundamentally improved. The shortage of funds and staff meant that the programme delivery rate had gone down in comparison with the situation in 1999. He appealed to all delegations to pay their contributions on time and in full so that UNIDO's operational activities would not be affected. In that context, he expressed concern at the proposed scale of assessments contained in document IDB.24/5. Whether the maximum rate was fixed at 22 per cent or 25 per cent, a number of developed countries would see their contributions decrease, while some developing countries would pay more, with the inevitable result of greater burdens on both them and UNIDO, which would need to collect their contributions. It ran counter to all the efforts of previous years. His delegation therefore concurred with the Group of 77 in advocating that the scale of assessments should be maintained at the level of the 2000-2001 fiscal year.

22. *Mr. Hassan (Sudan) took the Chair.*

23. **Mr. OGBUEHI** (Nigeria) expressed his delegation's concern at the general decline in resources for technical cooperation activities, from some $97 million in 1997 to $68 million in 2000. Moreover, table 6, appendix A, of the Annual Report showed that, whereas in 1997 $22 million had been spent on technical cooperation activities in Africa, in 1998 the total had been $14 million, in 1999 $15 million and in 2000 $11 million. His delegation was particularly dismayed by the sharp decline in view of the fact that some regions had benefited from higher expenditure. He therefore called on Member States and other donors to increase their voluntary contributions, in particular for the Industrial Development Fund, and to facilitate access to bilateral funds. His delegation welcomed the recent agreement between UNIDO and the European Union in that regard. Lastly, he announced that his Government had just paid $1 million to the trust fund established for the implementation of the country service framework.

24. **Mrs. BERNATOWICZ** (Poland) said that the twenty-fourth session, which would be the last meeting of a UNIDO policy-making body prior to the ninth session of the General Conference, provided an opportunity to analyse the progress of the Organization's reform, or transformation, in the light of strategic decisions taken by Member States. It should

also, however, set clear directions for future development. Priority should obviously be given to the 2002-2003 programme and budgets and to the Organization's financial situation and consideration of the scale of assessments. The past four years had shown how the interests of donor and recipient countries should be balanced; and the Board could use the lessons learnt to ensure that the developing and transitional economies maximized their industrial potential.

25. The Annual Report, which dealt with issues of the utmost importance not only to UNIDO itself but to the industrial sector of the world economy as a whole, showed that the Organization was heading in the right direction, adjusting its activities and targets to the current needs of both donor and recipient countries, while maintaining a realistic attitude to the availability of financial resources. Such an approach would strengthen the Organization's usefulness in advancing the industrialization process.

26. The quality of the Annual Report showed a substantial improvement, in both format and content. Her delegation noted with satisfaction that a stronger focus had been given to the countries with economies in transition, including the regional programme of technology foresight and the regional quality and productivity initiative, centring on Poland. UNIDO policies were becoming more balanced. Her delegation trusted that the trend would be maintained in the future and hoped that the Board would resolve all programme and budget questions for the next biennium.

27. **Mr. BERDENNIKOV** (Russian Federation) said that his delegation was in favour of retaining UNIDO's current mandate and organization, since they ensured the smooth running of operational activities. Any plans for reorganization should be approached with great caution. The recent reform had meant that projects and programmes were carried out more economically, taking account of recipients' requirements and the complex nature of the services rendered, and cooperation between various sections of the Secretariat had improved. There should, however, be greater transparency and closer cooperation with Member States.

28. He expressed satisfaction at the progress in implementing the cooperation programme between UNIDO and the Russian Federation, which, being both systematic and focused, had been broadly successful. Cooperation had improved at both federal and regional level, with the result that the performance of the joint programme had also improved. Activities under the programme, which focused on the priority areas for the Russian Federation, such as assistance with investments in the scientific and technical sector, the development of innovation in business and assistance for small and medium-sized enterprises, should undoubtedly continue. Indeed, discussions should shortly begin on the practical form that cooperation and projects under the 2002-2005 cooperation programme should take.

29. The expansion of its global forum activities had enabled UNIDO to increase its authority as the focus of progress in all matters relating to industrial development. To achieve still greater advances, UNIDO should concentrate on analysing and defining basic trends in contemporary industrial development, making practical recommendations on resolving existing problems and establishing the best way forward for industrial policy. To that end, a few relevant themes for industry in the context of the global forum should be identified. One such theme might be UNIDO's role in facilitating access to information and communication technologies and their transfer, inter alia through partnerships with other interested parties, including the private sector.

30. It would be of real practical use for economies in transition for UNIDO to expand its technology foresight activities. The outcome of the regional meeting in Vienna in April 2001 had been most helpful. The next step would be to implement the measures recommended. In that context, he noted that there had been some—but not enough—action to follow up General Conference resolution GC.8/Res.6, relating to the region of Europe and the Newly Independent States (NIS). He requested the Secretariat to provide further information on the follow-up to a range of measures affecting the countries of the region, such as the Regional Forum on Industrial Cooperation and Partnership in Central and Eastern Europe and the Newly Independent States, the Regional Conference on Technology Foresight and regional programmes on improving productivity and quality and the transfer of cleaner technologies. There should also be more active cooperation between UNIDO and the Black Sea Economic Cooperation Organization, as well as more encouragement for other international organizations to work with the latter body.

31. The implementation of integrated programmes highlighted the need for UNIDO to strengthen its resource mobilization. There were substantial opportunities for attracting resources both from donor countries and from other sources, including the private sector and national financial institutions. At such a critical juncture, Member States should know how the Secretariat proposed to mobilize resources. Although the Organization was headed in the right direction, increasingly difficult problems lay ahead and they could be solved only through cooperation, partnership and concentration on practical results.

32. **Ms. ZVEREVA** (Belarus) said that activities in connection with the global forum would not only contribute to greater success in technical cooperation

projects but would facilitate the development of practical recommendations for industrial policy for developing countries and economies in transition on the basis of current trends in industrial policy. Technology was crucial in raising competitiveness and promoting economic and social development. Following the success of the Regional Conference on Technology Foresight, her delegation called on UNIDO to advance the process through further initiatives and national and regional programmes.

33. With regard to UNIDO's technical services package, it was important to develop the integrated programmes, which had already shown their significance in the UNIDO transformation process, and provide adequate funding for them. Despite current financing problems, the steps taken by the Secretariat should serve to raise UNIDO's profile among the donor countries. Some success had already been achieved, as the Annual Report made clear: additional funds had been obtained for integrated programmes and access to bilateral funds had been improved. It must, however, be a priority for the Secretariat to find additional resources for integrated programmes. At the same time, such programmes should be flexible, responding to changes on the ground, the priorities of recipient States and the availability of finance. It was also crucial to coordinate UNIDO's activities with those of other agencies of the United Nations system in order to streamline work on country and regional integrated programmes.

34. The Secretariat had made admirable progress in implementing General Conference resolution GC.8/Res.6 concerning the region of Europe and the Newly Independent States. The countries with economies in transition were, after all, potential donors and investing resources in the modernization of their industrial potential would bring considerable dividends to both UNIDO and Member States. As the Annual Report showed, several countries of the region had already become donors.

35. Cooperation between her country and UNIDO had increased significantly over the past year. The UNIDO project on the creation of infrastructure to support innovative enterprises in the Republic of Belarus, as part of the preparatory stage of an integrated programme, was proceeding successfully. In accordance with the principle of joint responsibility, the project was financed by UNIDO, the United Nations Development Programme and the Government of Belarus. The seminar on innovation policy and commercialization of R&D, held in Minsk in 2000, had formed part of the project. Another important aspect of the project was the development of international cooperation. Over a short space of time and with very little expenditure, it had been possible to achieve important results, especially given that international cooperation preceded the establishment of a national infrastructure. An agreement had been signed with China on establishing a Belarus/China Technopolis in Jinan as an affiliated institution of the National Centre of Technology Transfer established in Belarus with UNIDO assistance. The agreement had every prospect of turning into a self-developing integrated programme for the modernization of industry and improved competitiveness in the global market.

36. Her Government was shortly to sign a memorandum on cooperation in industrial development with UNIDO, which should lay the basis for the further development of cooperation. Lastly, her delegation looked forward to the forthcoming visit to Belarus by the Director-General.

37. **Mr. HÜSEYNOV** (Observer for Azerbaijan) welcomed the launching of integrated technical cooperation programmes, which were sure to respond directly and efficiently to the needs of Member States, in particular those with economies in transition. His own country had, despite difficulties, been successfully implementing reforms since 1995. The recession had been reversed and the economy was continuously developing. Thanks to progressive legislation, macroeconomic stability, action on inflation and large-scale privatization, the country's gross domestic product had been increasing since 1996. The industrial sector, however, was in need of further development in order to integrate into the world economy. His Government had therefore applied in February 2001 for a UNIDO integrated programme. Environment and energy, investment and technology promotion, private sector enterprise development, quality and standardization, as specified in the memorandum between Azerbaijan and UNIDO signed in July 2000, would constitute a good basis for the development of the integrated programme. His delegation was confident that both Azerbaijan and UNIDO would benefit from the successful implementation of the programme.

38. UNIDO's ability to provide valuable technical cooperation programmes was dependent on the voluntary contributions of donor countries. Recent reforms would encourage potential donors to make more voluntary contributions. UNIDO should, however, work more closely in that regard with international financial institutions.

39. **Mr. PEREZ GAITAN** (Guatemala) said that his country benefited from a UNIDO integrated programme intended to support and improve the competitiveness of its productive sector. The programme had achieved its purpose and been very successful. One of its components focused on small- and medium-scale enterprises, especially those located in the remote region of Peten, with the purpose of supporting economic activity in areas of the country where State institutions were less prominently represented. Three new offices

were to be opened in the departments of El Progreso, Jalapa and Suchitepequez, to be coordinated with the Ministry of Economic Affairs, and particularly the Department for Small Businesses. His delegation supported UNIDO's initiative in launching a subregional programme for Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama with the purpose of facilitating trade and access to new markets, bearing in mind the new regional and subregional free trade treaties and the decisions of the World Trade Organization.

40. *Mr. Hosseini (Islamic Republic of Iran) resumed the Chair.*

41. **Mr. HASSAN** (Sudan) noted with regret that, in respect of integrated programmes (appendix C of document IDB.24/2), total funds available were slightly over $59 million, whereas current planning figures came to more than $247 million. The developing countries, especially the LDCs, had made considerable efforts and spent substantial resources on integrated programmes, and were quite disappointed at the modesty of the achievements.

42. The developing countries faced many difficulties, and developments attributed to globalization often had an adverse effect on their efforts to achieve economic development. The purpose of trade liberalization had been to do away with trade barriers. The appropriate technology existed, but there was a lack of the required direct investment. Published statistics showed that total direct investment in the developing countries in 2000 represented no more than 20 per cent of all direct investment. Programme implementation for the integrated programmes was not in line with expectations. The share of Africa in UNIDO's assistance was quite modest, and was not doing very well compared with what had been achieved in other continents. The Director-General had expressed good intentions with regard to Africa, and the Sudan appealed to the more developed countries to come forward with the donor resources that UNIDO required.

43. UNIDO had participated in the Third United Nations Conference on the Least Developed Countries, held at Brussels in May 2001 and aimed at arresting the further marginalization of the LDCs and stimulating their socio-economic development. It was the Sudan's hope that UNIDO would study the results and conclusions of that Conference, and inform the Board at its next session as to what had been achieved.

44. Turning finally to appendix L of the Annual Report, he noted from table 2 that, in Secretariat posts that were subject to geographical distribution, women were very poorly represented at the higher grades. There were no women in the six D-2 posts; moreover, none of the men were African. His delegation hoped that the Secretariat would change that situation, and asked for fuller information regarding geographical distribution in higher-graded posts.

45. **Mr. KAUDIYASH** (Ukraine) said that the Annual Report reflected the need for Member States to strengthen their cooperation. It also provided an up-to-date account of UNIDO's transformation, indicating the main problems and key issues and priorities the Organization faced. The new century of globalization and internationalization required new approaches and principles in international development.

46. Turning to the question of Ukraine's arrears of contributions to UNIDO, an issue that was to be dealt with under item 5 of the agenda, he said that the debt of almost $9 million had accumulated for reasons beyond Ukraine's control. The substantial arrears were the result of an outdated system of apportionment of expenditure which over a number of years had been incapable of adequately taking into account the capacity of countries to pay and to react in a timely manner to their changed economic and financial potentialities. Ukraine was currently undergoing a difficult stage in its development, with accelerated implementation of economic reforms and transformation to a new society, which required considerable additional material and financial resources, so his delegation wished to request the Board to establish an agreement between his Government and UNIDO regarding the settlement of Ukraine's arrears in instalments over a maximum period of 15 years. His delegation hoped that that proposal would be given favourable consideration by Member States with a view to the further development of cooperation.

47. **Mr. SCHNYDER von WARTENSEE** (Switzerland) said that he would comment first on the National Cleaner Production Centres and the possibilities for expanding their activities in regard to the implementation of environmental conventions. Switzerland regarded cleaner production and waste reduction as one of the most important areas of UNIDO's activity. Sustainable industrialization was one of the great challenges of the new century, and cleaner production was central to attainment of the objective of sustainable development. That was why Switzerland had concentrated its cooperation with UNIDO on the establishment of cleaner production centres, and it had been pleased to note in the Annual Report that three new centres had opened in Africa. Switzerland welcomed the introduction by UNIDO of success indicators to evaluate the outputs of cleaner production centres, and was convinced that under UNIDO's leadership they would be able to play an important role. Coordination between the centres and other sectors of the Organization's activities was desirable.

48. Switzerland had noted with pleasure that cooperation between UNIDO and the Global Environment Facility was increasing, and that UNIDO was becoming an important partner in implementing the Convention on Persistent Organic Pollutants. That trend fitted in perfectly with Switzerland's view of the cleaner production centres of the future. Turning finally to the results-oriented management of UNIDO programmes, he said that the Organization's achievements with respect to performance measurement by means of guidelines, baseline data and success indicators for integrated programmes would make it possible to pinpoint the changes brought about through UNIDO's intervention, and Switzerland suggested that integrated programme results should be incorporated in the annual report on integrated programme projects.

49. **Mr. PALACIOS CEVALLOS** (Ecuador) said that the Annual Report referred to a single project for Ecuador, with a budget of $15,700, approved in the context of cooperation between UNIDO and the United Nations Conference on Trade and Development. Unfortunately, that did not reflect his country's requirements or the efforts made by his Government to increase UNIDO's contribution to Ecuador's socio-economic development. Ecuador had requested an integrated technical cooperation programme and identified a number of priority areas of interest. The two UNIDO missions to his country had confirmed the efforts made by the public and private sectors in preparing Ecuador's proposal. Despite its very serious financial crisis, Ecuador had made considerable efforts to discharge its responsibilities vis-à-vis UNIDO, and hoped that the technical cooperation programme would be approved in the months ahead.

50. His delegation was well aware that any effort would be useless unless Ecuador received financial support for programme implementation, which was why he was appealing to donor countries to consider the various components of the proposed programme, so that they could identify where they might provide support in the form of voluntary contributions.

51. In the context of the bilateral development plan for the border region between Ecuador and Peru, UNIDO had approved a programme for alternative power generation by small hydro-electric plants for the benefit of rural communities. Ecuador thanked UNIDO for its valuable support in the preliminary assessment of the project.

52. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) explained, in reply to a point raised in the debate, that table 9 in appendix A of the Annual Report concerned regular and operational budget net expenditures and did not include the resources that came from donors. Under UNIDO's Constitution, only 6 per cent of the regular budget could be earmarked for technical cooperation activities.

53. Turning to the question of Africa's share in UNIDO's technical cooperation activities, he said that one reason why overall technical cooperation activities had decreased in the past three years was the time-lag: the effects of a technical cooperation programme activity being prepared one year were felt two to three years later, and the turbulence in the Organization in the years 1996 and 1997 was in fact now being felt. Also, since most of the expenditure on technical cooperation had to come from donor funds, the amount of expenditure depended on the size of those funds, and there had been a change in donor funding over the last five or six years. At one time 60 per cent of UNIDO's technical cooperation expenditure was being met by UNDP, whose focus was on Africa, but as the UNDP share had fallen so the share of the Montreal Protocol had increased, and that programme focused on Asia. In the past two years the UNIDO Secretariat had been implementing a strategy to increase funding for Africa; in 2000, 73 per cent of funds earmarked for implementation of all integrated programmes had gone to Africa (55 per cent for sub-Saharan Africa and 18 per cent for the African Arab States). Of the 6 per cent funding from the regular budget and other programmable funds about 66 per cent had been allocated to Africa. Through that diversion of funds UNIDO sought to balance the difficulties resulting from the declining UNDP share and the increasing Montreal Protocol share. It also had to be acknowledged that conditions on the ground were not the same everywhere; even if the same sums of money were allocated, results would vary. The effect of the Secretariat's efforts to direct more funding to Africa would be felt in a couple of years' time.

54. He had taken note of the statement by the representative of India regarding the functioning of the UNIDO regional office in New Delhi and his concern at the small number of new projects.

55. Regarding geographical representation in the Secretariat, a conference room paper would be circulated setting out in greater detail the relative share of staff posts between the various regions.

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (IDB.24/3, IDB.24/4, IDB.24/5, IDB.24/6, IDB.24/7 and Add.1, IDB.24/8, IDB.24/9, IDB.24/10, IDB.24/11, IDB.24/20, IDB.24/22 and IDB.24/25)

56. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, expressed his support for all the draft decisions recommended by the Programme and Budget Committee to the Board (see document IDB.24/22) and, in view of the vital need for an

unconditional commitment on the part of all Member States in order to meet the challenge of sustainable industrial development, called for the unanimous adoption of the draft decision recommended by the Committee in its conclusion 2001/3 on the programme and budgets for the biennium 2002-2003.

57. With regard to the scale of assessments for apportionment of the regular budget expenses, it was imperative, in the interests of UNIDO's financial stability, to maintain the current scale with the maximum assessment rate of 25 per cent.

58. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union and the associated States of Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Malta, Poland, Romania, Slovakia, Turkey and Slovenia, stressed the importance of reaching a decision during the present session of the Board on the level of the budget for the following biennium. In that regard, the European Union considered the proposal for the regular budget contained in document PBC.17/3 to be realistic and understood that it allowed the Director-General to identify further possible savings in order to maximize the impact of the Organization's available resources.

59. With regard to the scale of assessments, she pointed out that the scale decided by the United Nations General Assembly for the years 2001-2003 was the result of a complex package, one element of which was that reducing the maximum assessment rate from 25 to 22 per cent should apply only to the United Nations programme and budget and have no automatic implication for the specialized agencies or the International Atomic Energy Agency, as stated in General Assembly resolution 55/5 of 22 December 2000. The European Union maintained that each Member State of UNIDO should pay an assessment based on its capacity to pay and that the new scale decided in New York should therefore apply but with the maximum rate kept at 25 per cent.

60. The European Union was fully committed to the ongoing reform of UNIDO and supported continued implementation of the reform process outlined in the Business Plan. It strongly encouraged all countries to pay their arrears and assessed contributions in full and on time.

61. **Mr. TOUQ** (Jordan), speaking on behalf of the Asian Group, reiterated the Group's position that, in order to stabilize and consolidate the Organization's financial situation, it was imperative to maintain the present scale of assessments with the same ceiling, as provided for in column 7 of document IDB.24/5.

62. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the Latin American and Caribbean countries supported adoption by the Board of the draft decisions presented by the Programme and Budget Committee, in particular the Committee's conclusion 2001/3 on the programme and budgets for the biennium 2002-2003.

63. He also reiterated GRULAC's support for the position expressed by the Group of 77 and China on the scale of assessments, namely that the current scale should be applied during the biennium 2002-2003 without change. That view was based on the conviction that sustainable industrial development in the context of globalization was a shared responsibility calling for a clear and unconditional commitment on the part of all Member States.

64. **Mr. DE JESUS FIGUEIREDO** (Angola), speaking on behalf of the African Group, expressed that Group's support for the decisions adopted by the Programme and Budget Committee. With respect to the reservation raised by one Member State regarding the proposed programme and budget for the biennium 2002-2003, he warned that further budgetary savings might jeopardize the Organization's core activities. It was to be hoped that the current consultations aimed at resolving outstanding issues would reflect the political will of Member States to enable UNIDO to fulfil its mandate.

65. Concerning the scale of assessments, he acknowledged the importance of General Assembly resolution 55/5 notwithstanding the fact that specialized agencies were not automatically bound by the resolution. In view of UNIDO's special circumstances and the need to further strengthen the Organization in order to enable it to continue to discharge its mandate, the existing scale of assessments should be maintained. In that regard, it should be noted that the alternatives presented served for the most part to increase the rates of developing Member States that were experiencing serious financial difficulties.

66. Regarding the outstanding issue of the appointment of an external auditor, the African Group wished to reiterate its support for the African candidate, Mr. Shauket Fakie, whom it considered to be eminently qualified to occupy the post concerned.

67. **Mr. ABE** (Japan) recalled that during the discussions of the Programme and Budget Committee at its most recent session his delegation had raised a reservation regarding the level of the budget. In view of his Government's continued advocacy of zero nominal growth throughout the international organizations, his delegation was obliged to maintain that reservation and to call for further efforts to bring the UNIDO budget as close as possible to zero nominal growth.

68. Concerning payment of assessed contributions, it was noteworthy that as many as 90 Member States, or approximately 53 per cent of UNIDO's membership, had not paid their assessed contributions for 2000, with the consequence that the Secretariat was forced to run the Organization at a level 15 per cent below that of the approved budget. He accordingly called for the full and timely payment of assessed contributions and stressed the importance of persisting in the collection of the arrears of past contributions. An improvement in the collection rate of a mere 5 per cent would mean that, even with a zero nominal growth budget, UNIDO's financial position would be improved.

69. Concerning the scale of assessments, his Government was concerned that UNIDO's policy should be consistent with the emerging practices of the United Nations and other international organizations in lowering the ceiling for the scale from 25 to 22 per cent. It was understandable that most, if not all, Member States preferred to maintain the 25 per cent ceiling for Japan in order to avoid higher rates for themselves. However, the United Nations, followed by major United Nations specialized agencies such as the United Nations Educational, Scientific and Cultural Organization, the Food and Agriculture Organization and the World Health Organization had decreased their ceiling to 22 per cent. Under those circumstances, his Government did not feel that UNIDO should be an exception.

70. The fact that General Assembly resolution 55/5 stated that the reduction of the maximum assessment rate should have no automatic implication for the specialized agencies merely confirmed that the latter enjoyed financial autonomy and that, in the case of UNIDO, the resolution did not prevail over the relevant provisions of the UNIDO Constitution, which in Article 15.2 stated that the scale of assessments should be based to the extent possible on the scale most recently employed by the United Nations. He wished he could say that, despite the example of other international organizations, Japan would voluntarily pay 25 per cent, but its severe economic and fiscal problems obliged it to scrutinize its financial contributions to international organizations. The adoption of the generally prevailing system of assessment would be crucial in securing domestic support for his country's continued contribution to UNIDO.

71. **Mr. KALININ** (Russian Federation) said that his country had no objection to the recommendation of the Programme and Budget Committee regarding the level of the budget for the biennium 2002-2003 and took the view that the General Assembly resolution concerning the reduced maximum rate of assessment for the United Nations was not applicable system-wide.

72. Improvements could nevertheless be made in the format of the budget in the interests of greater clarity and transparency. In particular, in the section setting out the major programmes, the information comparing expenditure for the forthcoming financial period with the corresponding expenditure under the preceding budget should provide a clearer explanation and justification of all changes in expenditure levels.

73. With regard to his own country's obligations, Russia had now fully settled its debts to UNIDO, having paid an amount of some 12 million dollars in 2000 and 2001, and had thus assisted in stabilizing the Organization's financial position during its difficult process of reform. It had also fully paid its contribution for 2001 and called upon other Member States to strictly observe their financial obligations to UNIDO.

74. His delegation called upon UNIDO's senior management to deploy renewed efforts to give effect to the Committee's recommendations on the timely payment of contributions, especially as regards the collection of arrears owed by the United States. In that regard, he requested the Secretariat to report on what had been done to that end.

75. **Ms. ZVEREVA** (Belarus) stated her delegation's support for the draft programme and budgets for 2002-2003, which complied with the principle of zero real growth. It was somewhat concerned, however, about the 6 per cent reduction in major programmes C ("Strengthening of industrial capacities") and D ("Cleaner and sustainable industrial development"), which constituted core activities of UNIDO.

76. With regard to the scale of assessments, the fundamental principle to be observed was that the scale should as far as possible reflect the real capacity of Member States to pay. Any new approach in establishing the scale should take account of the real prospects for a number of countries of settling their accumulated arrears and at the same time meeting their future financial obligations to UNIDO.

77. The recent steady improvement in the Organization's financial position, attesting to growing support for the course it was pursuing, was accompanied by a trend towards an increasing number of States in arrears, a number which, regrettably, included Belarus. Her country's difficulties in that regard were due to the arrears accumulated over the years when it was assigned an unrealistic rate of assessment for contributions to the United Nations and other international organizations. Belarus was now taking the necessary steps to explore ways and means of paying its basic arrears and hoped that the matter would soon be resolved.

8. **Mr. CHOI Sang-duk** (Republic of Korea), associating his delegation with the statement made on behalf of the Asian Group, stressed the importance of maintaining and continuing to improve the Organization's financial health and stability. The current scale of assessment should be maintained. He noted that if the new scale adopted by the United Nations were to be applied in the case of UNIDO, almost all the Organization's major contributors would experience a decreased rate of assessment while the developing countries would bear an increased financial burden.

The meeting rose at 5.50 p.m.

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United Nations Industrial Development Organization

Industrial Development Board

Twenty-fourth session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 20 June 2001, at 10 a.m.

President: Mr. HOSSEINI (Islamic Republic of Iran)
later: Mr. HASSAN (Sudan)

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The meeting was called to order at 10.25 a.m.

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (*continued*) (IDB.24/3, IDB.24/4, IDB.24/5, IDB.24/6, IDB.24/7 and Add.1, IDB.24/8, IDB.24/9, IDB.24/10, IDB.24/11, IDB.24/20, IDB.24/22 and IDB.24/25)

1. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division), responding to issues raised during the debate on the item, said that Japan's request for a zero nominal growth budget raised difficulties. Zero nominal growth meant ignoring inflation, and effectively implied that the budget must be reduced by 6.7 million euros. It must be borne in mind that the budget comprised regular budget contributions and operational budget income. Because technical assistance delivery was to be pegged at $90 million annually, as against $112 million in the current biennium, operational budget income would be slashed by $4 million or 24 per cent. Under the zero real growth scenario, the regular budget was already to be reduced by 4 per cent. It would not be possible to reduce the budget by a further 6.7 million euros without engaging in yet another downsizing exercise. Member States had also complained that resources earmarked for major programmes C and D were too low, as well as calling for enhanced field representation. In view of the overall financial situation, it would thus be difficult for the Secretariat to agree to a further downward revision of the budget estimates.

2. On the question of arrears, the Secretariat urged Member States to pay their assessed contributions not only in full but also in a timely manner. Had one prominent Member State paid its contributions on time in 2000, the collection rate would have been not 85 but 94 per cent. With regard to the United States of America, the Secretariat had approached that country's Mission on a number of occasions with a request for payment of its assessed contributions, and had reported regularly to the Board and the Programme and Budget Committee on developments in that regard. In April 2001 the Mission had informed the Secretariat that the United States Government was not in a position to provide any specific time-frame for settlement of its outstanding contributions, and that the current legislation did not provide funding for payment of United States obligations to UNIDO; nor was the Government in a position to predict when circumstances would be more favourable.

FINANCING OF UNIDO PROGRAMMES, INCLUDING NEW INITIATIVES FOR FUNDS MOBILIZATION (IDB.24/19)

3. **The PRESIDENT** invited the Board to take up consideration of agenda item 6 and drew attention to the report contained in document IDB.24/19. Further information on the subject was to be found in chapter V E of the Annual Report and in appendix B thereto.

4. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group was pleased to note the new positive trend in the availability of funds for integrated programmes in 2000. However, there was still no room for complacency. To date, 43 integrated programmes had been developed, requiring funds totalling about $256 million, yet the funds available amounted to only $65 million. Alternative sources of funding must be sought, particularly from multilateral and regional financial agencies.

5. Noting that the net project and programme approvals together with future payments under trust fund agreements had amounted to $87.8 million in the year 2000, the Group wished to express its appreciation for the support extended by bilateral and other donors in financing the integrated programmes. It was regrettable that funding from the United Nations Development Programme (UNDP) "core fund" continued to decrease, with new approvals from that source amounting to only $4.6 million in the year 2000. However, funding from the Global Environment Facility (GEF) and from the Multilateral Fund for implementation of the Montreal Protocol continued to show an upward trend. The Director-General should continue his efforts to secure more funds from those two sources, and to increase the rate of programme delivery.

6. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union (EU) and the candidate countries Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, drew attention to a recent communication from the European Commission to the Council and the European Parliament entitled "Building an effective partnership with the United Nations in the field of development and humanitarian affairs", the full text of which was available on the Internet. The document proposed that future partnerships be based on the principles of division of labour, value added, the comparative advantage of United Nations activities and poverty eradication. That initiative had been welcomed by the European Union Development Council at its meeting in May 2001. The key element was the formulation of Country Strategy Papers identifying, in cooperation with potential recipient countries, relevant fields for partnerships with organizations of the United Nations system. The European Union invited UNIDO to share with it any information at its disposal, including information from its field offices.

7. The Commission communication and the Business Plan on the Future Role and Functions of UNIDO

should be thoroughly analysed and their comparative advantages evaluated as a first step towards adoption of a new cooperative approach. While the initiative could result in an increase in the number of UNIDO activities funded by the European Union, its sustainability would depend largely on the role played by potential beneficiary countries in promoting the value added that UNIDO could bring to implementation of Country Strategy Papers. The new approach provided an excellent opportunity for UNIDO to show itself a reliable partner in the implementation of the EU's development policy.

8. **Mr. SOERIAATMADJA** (Indonesia), speaking on behalf of the Asian Group, said that the Group appreciated the Secretariat's efforts to mobilize funds for the integrated projects, which had resulted in a substantial increase in funds available in 2000. A similar picture was reflected in the net project and programme approvals together with future payments under trust fund agreements, which had risen to $87.8 million in 2000, thanks to the support of bilateral and other donors. Although the funding of the UNDP core fund had decreased, the Group was heartened by the fact that funding from GEF and the Multilateral Fund for implementation of the Montreal Protocol had shown an upward trend. That augured well for a further increase in the rate of programme delivery, and the Group therefore encouraged the Director-General to proceed in that direction.

9. **Mr. DE JESUS FIGUEIREDO** (Observer for Angola), speaking on behalf of the African Group, reiterated its serious concern about the net decline of projects and programme approvals from all sources of funds, from $81.6 million in 1999 to $76.9 million in 2000. The Secretariat was to be commended for its success in mobilizing extrabudgetary funds for UNIDO's technical cooperation activities, and for its initiatives culminating in the agreements with GEF and the European Commission enabling UNIDO to broaden its financial sources. Implementation of the technical cooperation programmes already formulated with African Governments would assist the continent's industrialization efforts. All possible ways of securing the financial resources needed to implement those activities should be explored, and, with that in mind, the Secretariat unit responsible for funds mobilization should be strengthened.

10. **Mr. KALININ** (Russian Federation) said that UNIDO's capacity to mobilize funds for the integrated programmes should be one of the main measures of its performance, and must be strengthened. It served no purpose automatically to halt or curtail country programmes because of a lack of resources. Instead, the approach to the financing of integrated programmes should be adjusted, with priority given to those programmes and individual projects that stood the best chance of successful implementation.

11. Pursuant to General Conference resolution GC.8/Res.6, entitled "The region of Europe and the Newly Independent States (see document GC.8/INF.4), the Russian Federation favoured enhancing UNIDO's activity in implementing integrated programmes as well as promising individual projects in that region, and particularly in the Russian Federation. It was important to involve donors more actively in the process of implementing integrated country programmes, with due consideration given to their preferences. Greater efforts must be made to mobilize funds from other sources, especially international financing facilities and the private sector. His delegation noted with satisfaction that the funds mobilized for integrated projects in 2000 had been one third higher than the 1999 level, and agreed with the view that the success of a given programme depended largely on the degree of involvement of the recipient country: it must not be forgotten that recipient countries also had a responsibility to attract funds from donors, the private sector and other sources. Thus, the active involvement of Russian regions in implementation of integrated projects had attracted funds and material resources totalling almost $1 million.

12. Traditional relations with donors needed to be continuously diversified. His delegation noted the progress made in obtaining access to bilateral trust funds, which it saw as a promising way of attracting resources. It also welcomed the progress made in developing relations with GEF and the Multilateral Fund for implementation of the Montreal Protocol. There was great scope for resources mobilization through cooperation with other bodies of the United Nations systems in achieving the aims of the Millennium Declaration, and with the private sector, in the spirit of the "Global Compact".

13. **Mr. SANTER** (Luxembourg) said that his Government had decided to allocate the sum of $250,000 to the integrated programme in the Lao People's Democratic Republic entitled "A comprehensive framework to foster economic initiative". Although it had made a voluntary annual contribution of Lux F 3 million to the Industrial Development Fund since 1998, the present occasion was the first time it had contributed to the implementation of a UNIDO project. That gesture should be seen as an affirmation of confidence in the Organization, an implicit recognition of the results of the reform, and a positive assessment of UNIDO's potential to assist developing countries. The determining factor in the choice of integrated programmes had been the commitment to and support for the programme shown by the authorities of the recipient country. It was to be hoped that that example would serve as an incentive for the authorities of other

recipient countries to become actively involved in promoting UNIDO activities.

14. In addition to paying their assessed contributions, Member States could show their commitment to the Organization by making contributions, in cash and in kind, to implementation of the integrated programmes. The beneficiaries of those programmes should become more closely involved in promoting UNIDO activities. A material contribution to programmes and to local and regional structures would serve as an additional indication of the importance that the beneficiaries attached to them. He thus called on Member States, especially the recipient countries, to accord UNIDO projects and programmes greater priority in the formulation of their national policies and strategies.

15. **Mr. SAVANE** (Observer for Senegal), speaking in his capacity as Chairman of the Bureau of the Conference of African Ministers of Industry (CAMI), said that, as the only continent-wide mechanism for industrial partnership and cooperation, CAMI must be supported and its long-term role ensured. A recent World Bank report had cast doubt on Africa's economic survival in the twenty-first century. In 1997, per capita income in the continent, excluding South Africa, had been only $315—one third lower than the figure for south-east Asia. Furthermore, unlike the situation in other developing regions, average per capita production at constant prices had been lower in the late 1990s than 30 years previously. That was attributable, inter alia, to a deterioration in productive capacity, inadequate infrastructure and a weakening of the region's institutions. Africa must make greater efforts to address poverty and inequality, improving economic governance, eliminating obstacles to infrastructure, information and financing, stimulating domestic production and processing of its resources, diversifying its exports, strengthening partnerships and intensifying regional integration. The African Ministers of Industry were ready to commit their Governments and private sector to mobilizing domestic resources as a prerequisite to increasing the pace of industrialization with the assistance of the international financial community.

16. Africa was truly an exception in terms of industrial development, since its countries were already highly marginalized in global flows of goods and services, accounting for barely 1 per cent of world manufacturing value added. It thus needed specific mechanisms and new industrial strategies to enable it to confront the new millennium. The new CAMI that had emerged from the October 1999 Dakar Conference, which looked increasingly to the private sector, must be preserved and rendered sustainable. In its role as joint provider of the Conference's secretariat services, UNIDO had already done much to secure that end. Tribute must be paid to the indispensable role played by the Organization in the industrialization of Africa.

17. Yet UNIDO would have to devote more resources to Africa if it was to translate the continent's aspirations into reality. It should rectify the shortcomings in its management and programmes so as better to serve its Member States, especially in Africa. It should launch more integrated programmes in Africa. It should provide more consistent financing for its programmes. And it should make better use of African experts, inter alia at the highest levels of the Organization. It must also provide an adequate level of technical cooperation activities for priority regions such as Africa.

18. The shortfall in financing for the integrated programmes in Africa highlighted the need for a new vision for UNIDO. That was why the African Heads of State and Government had decided to put forward an African candidate for the post of Director-General, one whose competence and experience would restore confidence in an organization whose technical cooperation activities had declined substantially over the past decade. In putting forward its candidate, Africa wished to contribute to building a more balanced and just world in which there would be wealth, jobs and development for all. Given his exceptionally eminent career, Africa's candidate would bring a wealth of expertise to UNIDO that could be used to improve mobilization of resources for technical cooperation programmes. The candidate was currently Deputy Director-General of the World Trade Organization. Though Africa believed it deserved more from UNIDO, its intention in putting forward an African candidate was not merely to promote its own specific interests. It sought a partnership between the industrialized and the developing countries and economies in transition in which there would be no losers, creating stable conditions for effective international cooperation to eradicate poverty worldwide and bring sustainable development for all.

19. After a long period of reforms, the time had come to stabilize UNIDO's activity, so as to make it not only an advocate of equitable industrial development but also an organization capable of mobilizing the substantial financial resources needed to implement its programmes. Africa was ready to play its part in creating the conditions for the revitalization of UNIDO. Accordingly, at its fourteenth Conference, in Dakar, CAMI had adopted a plan of action in that regard. As Chairman of its Bureau, he had visited Côte d'Ivoire, which currently chaired the Patrons' Group of the Alliance for Africa's Industrialization, and had contacted several donors, including the European Union, seeking support for CAMI's programmes. He had visited South Africa and Mauritius in search of examples of best practice which the African private sector could emulate in exploiting the new opportunities provided by the Cotonou Agreement, by the Second Tokyo International Conference on African

Development and by the United States African Growth and Opportunity Act. The new CAMI was thus undergoing a process of consolidation.

20. The Bureau of CAMI had called on the Director-General to conduct two important studies, one on mechanisms and strategies for the industrialization of Africa in the new millennium, the other on rendering CAMI sustainable. In conclusion, UNIDO should accord high priority to CAMI, just as CAMI had always accorded exceptional priority to UNIDO, even in its most troubled times.

21. **Mr. PAULINICH** (Peru) said that from the outset Peru had supported integrated delivery of UNIDO's technical cooperation services. The integrated programmes were a valuable manifestation of that approach. While acknowledging the substantial progress made in mobilization of funds, his delegation noted with concern that the integrated programmes often remained unimplemented for lack of funds. All Member States should cooperate more closely with UNIDO to mobilize the funds needed to finance the integrated programmes. His delegation thus welcomed the announcement of funding by the representative of Luxembourg, as an indication of renewed confidence in UNIDO.

22. **Ms. ZVEREVA** (Belarus) said that, while the integrated programmes had become a major accomplishment in the UNIDO reform process, 43 such programmes having been developed for a value of $256 million, a serious problem continued to be the lack of adequate resources. Her delegation noted with satisfaction the efforts made by UNIDO in that respect. Funds mobilized for integrated programmes had risen to $32.4 million compared with $23.7 million in 1999. Cooperation with GEF with a view to the funding of UNIDO projects was being developed and consultations with donors had already produced results in the form of increased programmable donor funds and access to bilateral funding. However, the problem had not yet been fully resolved. Her delegation wished to urge the Secretariat to seek to involve the private sector and international and multilateral financial institutions more actively and to explore the funding possibilities afforded by non-governmental organizations (NGOs) and international organizations.

23. Belarus actively supported the integrated approach to programmes and believed that it was important not to halt the development of new programmes in order to concentrate on the implementation of existing ones. Even when full funding was not available, the development of programmes was useful to Governments receiving technical assistance since it enabled them to concentrate their efforts on key areas of economic development, helping them to attract investment and develop new regional cooperative initiatives. If a programme had several components, its implementation could take place in stages, with emphasis given to priorities at each stage, as appropriate.

24. Her Government attached importance to the development of cooperation between donor countries and recipient countries in both the formulation and implementation of integrated programmes and believed that regular consultations should be held to evaluate the results of the programmes.

25. **Ms. QUINCY** (France) said that her country attached great importance to the effective implementation of the integrated programmes, which constituted the best means of reaffirming UNIDO's relevance and offered the advantage of coordination in the definition of the different components and in funds mobilization. France strongly believed that, in the implementation of the integrated programmes, the priority accorded to the least developed countries (LDCs), and in particular the African States, in line with the Business Plan on the Future Role and Functions of UNIDO should be strengthened. Her country had accordingly decided to participate in the integrated programme for Algeria for an amount of 9.5 million French francs over three years.

26. On the question of resource mobilization, France had expressed the wish that donor States be involved at as early a stage as possible in the formulation of new programmes or when programmes underwent amendments. Donors should be directly approached in their capitals and UNIDO team missions to beneficiary countries should be supplemented by missions to donor countries. France was grateful to the beneficiary countries and to the Secretariat for their positive response to that request and for having allowed constructive dialogue to take place. There were prospects for France's participation in the integrated programmes of three LDCs in Africa, Senegal, Guinea and Madagascar. Her country was pleased to be involved in that way in the strengthening and development of UNIDO's activities within the framework of the priorities defined in the Business Plan. Although the process involved might be judged lengthy by some, its stages were necessary elements for a successful outcome.

27. **Mr. MEEKUN-IAM** (Thailand) said that his delegation noted the positive trend in funds mobilization for the integrated programmes during the current biennium and the efforts made by the Secretariat. It was grateful to those donors who had offered their support and hoped to see that support continue.

28. His delegation was of the view that technical assistance was the most important function of UNIDO, and the 6 per cent share of the regular budget allocated to technical cooperation expenditure was essential to that function, as an adjunct to any further technical

assistance funding from voluntary contributions. The 6 per cent allocation from the approved regular budget should be given priority and not allowed to vary proportionally with the actual sum received by way of assessed contributions.

29. **Mr. ABE** (Japan) said that, while his Government would make every effort to make financial contributions to UNIDO, it was currently faced with serious economic and financial difficulties. Under those circumstances, a dramatic rise in his country's financial contributions to the Organization could not be expected. The best to be hoped for at present was that the same level of contribution to UNIDO would be maintained.

30. Unfortunately, Japan was not an exception. Already at the current session, many members of the Board had expressed their difficulty in making further financial contributions to UNIDO or their unwillingness to do so. If UNIDO depended solely on government contributions, there was a definite limit to the financial resources that it could mobilize. It was necessary to seek funds outside traditional government sources.

31. While supporting the efforts of the Secretariat to mobilize funds, he wished to issue a word of caution. In order to mobilize funds, there had to be proof that the Organization was capable of using the resources effectively, without any misuse or wasteful spending. The selection of UNIDO's senior management would be critical in that connection.

32. **Mr. TOTH** (Observer for Hungary) said that, at the last session of the Programme and Budget Committee, his delegation had drawn Member States' attention to the regional technology foresight initiative in central and eastern Europe and the Newly Independent States. At the Regional Conference on Technology Foresight for those countries, recently convened in Vienna by the Permanent Mission of Hungary, the importance of technology foresight activities in countries with transition economies had been reaffirmed, Governments in the region had been encouraged to establish technology foresight programmes at the national level and UNIDO had been requested to launch a regional technology foresight programme.

33. With the aim of developing the idea of such a programme further, a high-level expert group meeting had been organized at the Hungarian Permanent Mission on 18 and 19 June. That meeting had clarified the objectives of the programme, which were to improve the competitiveness of national economies, enterprises and institutions and to create a basis for effective innovation policies. The programme should facilitate the creation of a foresight culture and contribute to awareness-building. Through the programme, UNIDO could assist stakeholders in developing national and regional technology foresight capabilities. Also, the programme would offer possibilities for the coordination of national technology foresight efforts at the regional level. To that end, national technology foresight focal points should be identified and linked to one another through the UNIDO Exchange facility, with a regional technology foresight centre functioning as a repository of foresight knowledge and experience. The programme would foster the development of regional counterparts to coordinate regional foresight activities with a view to encouraging national actors to adopt common objectives, methodologies, infrastructure and management teams and promoting the use of foresight in the design of regional innovative technology policy.

34. The Government of Hungary supported regional cooperation in the field of technology foresight under the umbrella of UNIDO. There were two basic reasons for that. Technology foresight was an effective tool for decision makers, whether in administrations or in enterprises or other institutions, and the regional initiative showed that UNIDO was a relevant organization from the point of view of the countries of central and eastern Europe and the Newly Independent States.

35. **Mr. MOONESINGHE** (Sri Lanka), referring to the Annual Report of UNIDO (IDB.24/2 and Corr.1 and Add.1), said that his delegation had noted that UNIDO had been able to raise 30 per cent of the total funds needed for its planned activities and that the Asian region had received only 14.14 per cent of the required funds. That was a serious matter, given that that region had a population of nearly 3 billion. The attention of the donor countries should be drawn to the fact that there was a growing gap between the Asian region's industrialization and that of the advanced countries, which was a reason for the movement of illegal immigrants to Europe and America.

36. His Government had taken note of the report of the Programme and Budget Committee on the work of its seventh session and supported the recommendations made by it to the Board.

37. Despite his country's present financial constraints, it had paid its contributions to UNIDO on time. It wished to appeal to all Member States to do likewise in order to facilitate the Organization's technical cooperation activities.

38. With regard to the financing of UNIDO programmes, his delegation noted that funding was a major constraint in the implementation of technical assistance under the many integrated programmes. In the case of Sri Lanka's integrated programme, significant progress had been made, with expenditure of $5.4 million furnished over a short space of time. The programme was having a major impact, with a UNIDO-

led industrial development activity being covered in the local press almost every two months. Such awareness creation in regard to the importance of industrial development was an important benefit arising from the integrated programme. The programme should by seen by beneficiary countries as a joint UNIDO-Government programme, and there must be a sharing of responsibility for funds mobilization. Sri Lanka had assigned two major bilaterally funded projects for implementation by UNIDO and had taken a keen interest in mobilizing donor funds. His delegation suggested that the allocation of UNIDO funds should be focused on the integrated programmes in order to produce a demonstrable impact in a short period of time.

39. On the question of environment-related activities, his delegation appreciated the progress made by UNIDO and wished to emphasize the Organization's role in the development and implementation of rural energy programmes based on clean and renewable energy sources, with particular emphasis on solar and wind power. Accessibility to reliable and affordable energy was very unevenly distributed, both between countries and within countries, and many developing countries faced an urgent need to provide adequate, reliable and affordable energy services to millions of people in rural areas. His delegation wished to stress the objective of the energy programme, which was to promote the transfer of technologies to help developing countries meet that need. Attention should be paid to strengthening local manufacturing capability in the area of appropriate energy equipment and energy systems.

40. It was heartening to note that UNIDO gave pride of place to the requirements under the Kyoto Protocol and the Montreal Protocol.

41. With regard to field representation, his delegation was of the view that a meaningful field structure had to be supported with human and financial resources. It was difficult to see how that objective could be achieved within the current budgetary constraints. There should also be a core of technical expertise at Headquarters to formulate programmes, develop methodologies and provide specialist technical assistance. It was necessary to move cautiously on the question of field representation. It would perhaps be advisable to observe the first pilot operation in Nigeria over a period of time and then decide how best to proceed.

42. **Mr. AMIN** (Pakistan) said that, during the last few years, UNIDO had undergone a reform process that was now almost complete. The financing of the Organization's programmes had faced numerous problems over that period. Technical cooperation delivery had declined during that time. His delegation hoped that that trend would now be reversed. UNIDO could explore new and innovative ways of mobilizing funds. Member States might also consider reviewing the 6 per cent ceiling on the allocation for technical cooperation from the regular budget.

43. In the year 2000, UNIDO had approved an integrated programme for the sustainable development of Pakistan. Of the current total planning figure of $6 million, an amount of some $200,000 only had been made available to date, which represented 3 per cent of the required funds. His delegation therefore called for a greater response to Pakistan's integrated programme.

44. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) expressed, on behalf of the Secretariat, appreciation for the general support shown by the Board for the concept of integrated programmes and the manner in which the integrated programme scheme was being carried forward. The suggestions made by delegations for improving the quality of implementation and ensuring a positive impact in the field had been noted.

45. With regard to the remarks made by the representative of Sweden concerning the document relating to the building of a better partnership between the European Community and the United Nations, he said that the text of that document was being studied and action had been initiated with a view to seeking cooperation and funding from the European Union for various integrated programmes in connection with technical assistance projects.

46. On the question of funds mobilization, the decline in traditional donor funding had been commented on. Innovative methods had to be found for securing financial resources, including GEF, the Montreal Protocol and multilateral funding agencies. A number of documents before the Board showed that the Secretariat was active in pursuing contacts with those institutions. Attempts were also being made to identify funding opportunities in host countries, with non-governmental organizations and other institutions and bilateral donors.

47. The representative of Senegal had referred to the question of the sustainability of CAMI. It was understood that, in 2002, the Economic Commission for Africa (ECA), which had initiated CAMI, would not be actively involved and might withdraw from the institution. The question of what the relationship of ECA, UNIDO and the Organization of African Unity would be in providing assistance to CAMI was currently being studied. There would be an arrangement to enable all institutions associated with CAMI to continue to support it.

48. Reference had been made to the future of IDDA. That programme had already been in operation for two decades and some new approach was needed to allow the work to continue. Whether there was a further "development decade" or not, the focus on Africa would

continue. UNIDO's integrated programmes would basically concentrate on the African region and the Organization and the Secretariat would continue working for Africa, in line with the Business Plan.

49. **Mr. D'AMBROSIO** (Managing Director, Sectoral Support and Environmental Sustainability Division), referring to the statement by the representative of Egypt, said that, during the first 17 months of the current biennium, UNIDO had secured new approvals from GEF for $18 million, compared with $3-4 million for the previous two years together. He wished to mention in particular that the Organization had a few days previously received a visit from members of the GEF secretariat, during which discussions had been initiated on the portfolio of UNIDO projects for the next five years. GEF would possibly approve by February 2002 the level of replenishment for the next GEF replenishment period, from June 2002 to June 2006. A second round of discussions was planned for the end of August in Washington to continue the negotiations. Funding of that type was ideal for an international organization because prior discussions of the services to be provided over a period of years gave the Secretariat time and also the opportunity to react in the best possible way.

ENVIRONMENT-RELATED ACTIVITIES (IDB.24/12)

50. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group of 77 and China took note with satisfaction of document IDB.24/12 on recent progress in the implementation of General Conference resolution GC.8/Res.2 on the Global Environmental Facility.

51. The Group was convinced that, in the current situation of limited financial resources, UNIDO should continue to enhance its potential for technical cooperation in environment-related activities by strengthening existing working relationships with other international organizations such as GEF and the Montreal Protocol.

52. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union and the candidate countries Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, said the European Union believed that environment-related activities should continue to be key issues in the work of UNIDO. The Organization's unique experience and competence in areas such as energy efficiency, persistent organic pollutants (POPs) and the implementation of the Montreal Protocol could be of crucial importance in the successful implementation of projects in the environmental field. The potential contribution of the cleaner production centres should also be mentioned in that connection.

53. The European Union wished to express its satisfaction at the close relationship that UNIDO now had with GEF as an executing agency with expanded opportunities, and believed that the recent signing of the Stockholm Convention on Persistent Organic Pollutants would enable UNIDO to become more involved in those issues. UNIDO could also contribute within the GEF framework to projects in the area of energy efficiency, having shown its competence in that field on many occasions.

54. The European Union supported UNIDO's contribution to the global efforts to combat depletion of the ozone layer and believed that the Organization had an important role in assisting developing countries in that connection. Cooperation with GEF and the Montreal Protocol could also create opportunities for UNIDO to broaden its activities in the area of ozone layer protection and help it meet its ambitious technical cooperation delivery target. The European Union hoped that UNIDO would be able to secure the necessary resources to implement those new activities, as presented in the budget.

55. The European Union had noted with interest UNIDO's participation in the sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held at The Hague, and hoped that the Organization would take part in the continuation of the Kyoto process and attend other conferences dealing with climate change.

56. The recently held ninth session of the Commission on Sustainable Development had dealt with the issue of energy for sustainable development. With its energy-related experience, UNIDO should continue to participate in follow-up events, including multi-stakeholder forums such as the Global Forum on Sustainable Energy. At the recent European Union summit in Gothenburg, it had been concluded that sustainable development called for global solutions. The European Union would seek to make sustainable development an objective in bilateral development cooperation and in all international organizations and specialized agencies.

57. UNIDO's preparations for the World Summit on Sustainable Development, to be convened at Johannesburg in 2002, should include active participation in the preparatory meetings and adequate presentation of its expertise in environmental matters. The Organization should actively seek to strengthen its contacts with the United Nations Environment Programme (UNEP) and to contribute to the reform process in the sphere of environmental governance, as discussed at the Open-ended Intergovernmental Group of Ministers on International Environmental Governance.

58. **Mr. TOUQ** (Observer for Jordan), speaking on behalf of the Asian Group, welcomed UNIDO's progress in implementing GEF projects. However, the Secretariat should provide information on the criteria and procedures for project selection and formulation under GEF and the Montreal Protocol to allow more Member States to benefit from them. He welcomed UNIDO's early preparations for participation in the forthcoming World Summit on Sustainable Development. UNIDO's objective there should be to secure a resolution which acknowledged the key function of industry in sustainable development, resulting in an enhanced mandate for the UNIDO technical cooperation programme. The Group urged UNIDO to strengthen further its programmes on environment-related activities.

59. **Mr. PAULINICH** (Peru), speaking on behalf of GRULAC, said that the Group attached great importance to UNIDO's activities and services intended to promote environmentally sustainable industrial development in the face of increasing environmental degradation. In view of the limited resources available for industrial development, he was pleased that UNIDO was gaining recognition and was receiving financial support for projects under global programmes such as the Montreal Protocol and GEF. The budget estimates for 2002-2003 indicated an increase in the number of programmes relating to the environment and energy—proof that the Secretariat was discharging its mandate under General Conference resolutions GC.8/Res.2 and GC.8/Res.3. It should continue along those lines, bearing in mind that environment-related activities should ultimately strengthen the Organization's main function—the provision of technical cooperation services.

60. Speaking as the representative of Peru, he said that one of the main challenges facing the Organization was the scarcity of resources for its technical cooperation programmes. He therefore welcomed its role as GEF executing agency, which would give it direct access to funds for technical cooperation projects. Likewise, its participation in the forthcoming World Summit on Sustainable Development and in activities relating to the climate Convention would serve to broaden the mandate of the technical cooperation programme as well as to increase the Organization's visibility.

61. **Ms. FAJARDO DIAZ** (Cuba) said that her country paid special attention to protection of the environment, as was borne out by the Cuban integrated programme, with an environmental component relating to agro-industry, energy and food safety. Through the implementation of that integrated programme significant progress had been made in achieving a cleaner environment in 15 food-processing factories in Cuba. Activities carried out successfully by UNIDO under the Montreal Protocol had also had a positive effect in the country, particularly with regard to eliminating the use of methyl bromide in agriculture. Negotiations were currently under way to cooperate with the Organization on the implementation of a programme under the Stockholm Convention to mitigate the negative effects of POPs on the environment and human health. She expressed satisfaction at UNIDO's dynamic approach to promoting environmentally sustainable industrial development.

62. **Mr. ZHANG Yishan** (China) welcomed UNIDO's efforts to establish and further cooperation with GEF and other environment and energy-related international organizations and hoped that such momentum would be maintained. China enjoyed long-standing cooperation with UNIDO on environment-related projects, including the one implemented in the year 2000 under the Montreal Protocol, whose project value exceeded $11 million. In March 2001 the Chinese Government and UNIDO had also prepared a GEF project proposal for the development of a national strategy and implementation plan on POPs. China would continue to support UNIDO's environment-related activities and commended the results achieved so far.

63. **Mr. KALININ** (Russian Federation) said he was in favour of strengthening UNIDO's role in encouraging environmentally sustainable industrial development in countries with economies in transition. He would welcome information from the Secretariat on the outcome of studies into possible support from multilateral financing institutions for cleaner industrial production. UNIDO's experience in implementing projects under the Montreal Protocol augured well for cooperation with GEF, which it was hoped would improve the situation with regard to resources and consequently project implementation. Activities under the Kyoto Protocol—which had already proved to be effective—should be further developed. Attention should also be paid to the joint implementation of projects; such an approach was not only useful from the environmental standpoint but would also foster cooperation between the industrialized and developing countries, and between large companies and small and medium-sized enterprises, which was important for the transfer of technology and acceptance of international standards on management and production quality.

64. **Mr. HAMEDANI** (Islamic Republic of Iran) said that UNIDO clearly recognized the crucial importance of the many challenges posed by globalization. In that connection he welcomed the Secretariat's efforts to follow up the Millennium Declaration and Programme of Action, which covered, inter alia, environmentally friendly industrial development and the enhancement of productive capacity. All Member States should endeavour to redress the recent decline in voluntary contributions for technical cooperation so as to allow the Organization to fulfil its mandate.

65. UNIDO should pursue its involvement in environment-related activities, above all to counter the view that industrial growth in developing countries was constrained by environmental considerations. The transfer of global best practices and institutional capacity-building contributed, inter alia, to decision-making on industrial and environmental management at national level. To that end, the exchange of experience and information among Member States should be the main thrust of UNIDO's activities. While he recognized the merits of global forum activities, further reflection was required on the industrial trends, strategies and related activities in the economies of developing countries, in accordance with the Business Plan.

66. He appreciated initiatives to foster closer cooperation between UNIDO and GEF, promoting progress towards greater resource mobilization. The shortage of expertise and resources must be remedied. In that connection, more information from the Secretariat on the criteria and procedures for project selection and consultations between stakeholders would be useful.

67. Since the integrated programmes approach had not yet yielded the desired results, he suggested the re-introduction of some stand-alone projects. Although a series of measures had been adopted to strengthen the technical capacities of the Secretariat, it required greater technical resources to ensure greater efficiency.

68. **Mr. ABE** (Japan) said that his Government supported UNIDO's environment-related activities for sustainable development, including those outlined in document IDB.24/12. Since that area was one that had potential for expansion, UNIDO should provide sufficient human and financial resources for it.

69. **Ms. HERNES** (Norway) expressed appreciation of UNIDO's increased competence on environmental issues, particularly energy efficiency, POPs and the development of cleaner production centres, as shown at the recent Conference on the Least Developed Countries and the session of the Commission on Sustainable Development. Increased cooperation between UNIDO and GEF was certainly one of the most promising developments of recent years for a number of reasons: it proved that efforts to restore the Organization's credibility had been successful; greater cooperation with GEF was likely to enhance UNIDO's capabilities and expertise on environmental issues; it provided the Organization with greater access to funding.

70. Norway wholeheartedly supported UNIDO's environmental activities and had contributed around $600,000 for cleaner production centres and municipal waste management projects under integrated programmes in Africa. It was in favour of continuing of the integrated programmes approach. The increase in environment-related activities as a result of cooperation with GEF would prove challenging for the Organization, which must therefore have stable leadership. The current Director-General's commitment to the Organization's mandate and to focusing on areas where it had comparative advantages had considerably raised its profile, which augured well for the future. The process of reform under way had already paid dividends, although the Organization's financial base was not yet secure. It would be detrimental to UNIDO for continuity to be broken. She was satisfied with the management of the technical cooperation programme and its focus on environment-related activities and integrated programmes. She also supported the commitment to LDCs, one of the areas where UNIDO enjoyed comparative advantages.

71. **Ms. GUNDUS** (Turkey) said the Membership of the Organization recognized the importance of taking environmental considerations into account in efforts to achieve sustainable development, but such efforts called for international cooperation. UNIDO had proven itself to be one of the leading players in the international arena in assisting countries with environmental problems, as illustrated by the successful implementation of the Montreal Protocol. Also welcome was recent progress in strengthening cooperation with GEF, particularly recognition of UNIDO's expertise with regard to POPs. She encouraged UNIDO to promote its role in ensuring environmentally sound industrial development by participating in more relevant conferences such as the forthcoming World Summit on Sustainable Development. She would welcome information on UNIDO's preparation for that event.

72. **Mr. HASSAN** (Sudan) said that his country attached great importance to all UNIDO's environment-related activities. In the light of the integrated programmes approach, it hoped for more ambitious projects in the area that would have an impact on important economic activities in the Sudan, such as oil production, transport and exportation. The Sudan hoped to launch a new project the following year, in which UNIDO would play an important role. The financial implications of the proposed project were currently under consideration.

73. **Mr. D'AMBROSIO** (Managing Director, Sectoral Support and Environmental Sustainability Division) thanked Member States for their expressions of support for UNIDO's environment-related programmes. In response to the representative of the European Union, he pointed out that cooperation with other agencies, in particular UNEP, was steadily improving. UNIDO had been invited to participate in the Environmental Management Group (EMG). At the second EMG meeting held recently in Geneva, the UNEP management had suggested that, in future, UNIDO should coordinate system-wide activities relating to the

environment, notably on solid waste management. UNIDO had also been invited to take part in the next two UNEP Governing Council meetings.

74. On the question of criteria and procedures for project selection under GEF and the Montreal Protocol, he said that all continents were covered and more than 50 Member States had thus far benefited from such assistance. As far as POPs were concerned, letters would soon be dispatched to all signatories of the Stockholm Convention on the type of services UNIDO could provide. He acknowledged the importance of cooperation between UNIDO and China on environment-related activities. While he shared the Russian Federation's views on the joint implementation of activities under the Kyoto Protocol, he stressed that the bulk of such projects were in the hands of the private sector. UNIDO would, however, endeavour to support some of them. He assured the representative of the Islamic Republic of Iran that stand-alone projects would continue to be drawn up and implemented by UNIDO in future.

75. He thanked Japan for its consistent support for UNIDO initiatives, agreeing that opportunities provided by cooperation with GEF could be more fully exploited if more resources were available. After thanking Norway for its support to UNIDO over the years, he stressed that cooperation with GEF should not be viewed solely as a funding opportunity. Another very important aspect was the recognition by GEF of UNIDO's relevance and even pre-eminence with regard to POPs and industrial production. UNIDO had been assigned a number of very specific tasks by GEF in the areas of management efficiency, POPs and the industrial aspects of international waters.

76. Moreover, the significance of the recently established cooperation with the United Nations Foundation (UNF) should not be underestimated. In the last 18 months four projects relating to energy had been funded by UNF from the "Turner Fund". On some of those projects there was direct cooperation with a number of countries, including non-member States such as the United States of America. Towards the end of the summer, UNIDO would hold a second meeting with the GEF secretariat to devise a better strategy for UNIDO on areas where funding was received. A briefing session would be held for Member States at the end of September on the outcome of that meeting.

FIELD REPRESENTATION (IDB.24/15; IDB.24/CRP.5)

77. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, underlined the importance of strengthening field representation by decentralizing functions and providing adequate financial resources to enhance activities at both country and regional levels. Having followed with interest the first pilot project for effective decentralization, the Group encouraged the Secretariat to increase the number of those projects in different geographical areas in order to identify possible problems and develop a more effective and balanced decentralization plan. The establishment of effective field offices was crucial for national industrialization efforts. The Secretariat was therefore invited to assess, in consultation with Member States, the current field representation scheme so as to improve its effectiveness. In conclusion, he appealed to donor countries to support UNIDO in its efforts to improve field representation.

78. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union and the candidate countries Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, said that major programme E was the only regional programme in the budget proposal from the Secretariat that did not show a reduction in the budget as compared with the previous biennium.

79. Improved efficiency in the Organization's field presence would be an important step towards decentralization, as outlined in the Business Plan. Field representation of UNIDO should be efficient and effective and targeted towards delivery of technical cooperation which had the greatest impact. At the same time, it was important to delimit the tasks of regional offices and country offices in order to avoid duplication of work. The Organization should consider carefully whether or not it should maintain country offices that offered little value added. In that connection, the European Union recalled the decision taken by the Board at its previous session to assess the current field structure before taking further steps towards decentralization.

80. In order to establish an efficient field structure within existing resources, UNIDO should not ignore the field structures of other organizations. The United Nations Development Assistance Framework (UNDAF) was a useful instrument for coordinating field representation on a country basis, because it made optimum use of limited resources.

81. **Mr. TOUQ** (Observer for Jordan), speaking on behalf of the Asian Group, said that field representation played an important role in the efficient delivery of technical assistance, which was one of the goals of the reform process in UNIDO. The Asian Group took note of ongoing efforts and progress to achieve effective decentralization. Coordination between field offices and regional bureaux at Headquarters should be improved in order to increase the efficiency of field offices and provide a clearer picture of the relations, functions, obligations and liabilities of all field offices vis-à-vis Headquarters.

82. *Mr. Hassan (Sudan) took the Chair.*

83. **Mr. KALININ** (Russian Federation) said that it was necessary to maintain a strict balance and an optimum division of functions between Headquarters and the field. The strengthening of the field component through a weakening of Headquarters and too great an emphasis on the independence of field offices could lead to centrifugal trends in the Organization and make it less manageable and efficient. The field offices could also be weakened. The current organizational structure of the UNIDO Secretariat seemed highly satisfactory, which did not preclude further efforts to improve its efficiency.

84. Decentralization and its emphasis on work in the field would require better coordination and management on the part of UNIDO Headquarters. While his delegation agreed that the strengthening of the field offices was important for the implementation of the Organization's programme activities, it was essential that all the links in the chain—Headquarters, the field, donors and recipients—should make their appropriate contribution. Even with greater authority and resources, field offices would hardly be able to implement integrated programmes and separate projects on their own. Without support from Headquarters, direct partners in programmes and projects, and Governments and donors, field offices would not be effective.

85. At the Millennium Assembly, the Secretary-General of the United Nations had called for maximum use of the potential of the "digital information revolution". It was encouraging that UNIDO was already beginning to make active use of modern digital technologies to improve the effectiveness of field operations. UNIDO's electronic exchange was a good example of such efforts.

86. **Mr. HAMEDANI** (Islamic Republic of Iran) said that his delegation had studied the Director-General's progress report on field representation (IDB.24/15) with interest. Owing to a lack of sufficient financial resources and qualified staff at Headquarters, the Organization's capacity to strengthen its field presence in order to enable field offices to respond effectively to the expectations of the developing countries was greatly hampered. In that connection, it was necessary to hold further consultations among all stakeholders. The provision of national offices with the structures and means necessary to carry out their work, particularly through the assignment of qualified and motivated Headquarters staff to the field, would constitute a practical approach in the direction of effective decentralization.

87. **Mr. ABE** (Japan) said that, at its previous session, the Board had called for a study of the current situation of field representation. His delegation was of the view that, when a new field structure was established, sufficient consideration should be given to such issues as function and choice of area of coverage, taking due account of the Secretariat's study. A comparison of the Annual Report 1999 with the Annual Report 2000 showed that UNIDO had increased its staff members and strengthened its capacity in its field offices in Nigeria and India, opened new offices in Yemen and China and closed its offices in Uzbekistan, Ecuador, Honduras and Nicaragua. Staff were no longer financed from the UNIDO budget at field offices in Burkina Faso, Eritrea, Mali and Mozambique. In that connection, he requested the Secretariat to explain the changes that had been made in the organization of the field offices and report on the results of its study on field representation.

88. **Mr. MOHAMED** (Sudan) said that it was necessary to provide the regional and national offices with the necessary human and financial resources. The dispatch of highly qualified staff to regional and national offices would enable those offices to attract investment from Governments and the private sector. Such a presence would help to ensure the proper management of environmental issues in those countries. The staff should also be well trained in proper industrial management and have a good awareness of environmental issues.

89. **Mr. AMIN** (Pakistan) said that the country offices should remain the focal point for programmes in the countries in which they were located. The coverage of country offices from regional offices should take account of the particular situation in the region. Since country directors played a pivotal role in country programmes, such posts should not be left vacant at any time.

90. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division), replying to questions raised, said that reference had been made to the Secretariat's in-depth study of the current situation of field representation. That study had been completed and a summary of its results was contained in document IDB.24/CRP.5. The study established that UNIDO field offices were basically supportive offices. The Organization's technical cooperation activities were managed by Headquarters technical personnel, and the field offices provided logistics and technical support in the field. In that connection, there was a limit to the extent to which UNIDO could be decentralized. Until the biennium 1996-1997, of the nearly $14 million that had been spent on field offices, as much as $9 million had been provided by UNDP. In the biennium 1998-1999, UNDP had stopped funding the field offices and UNIDO had to bear the entire burden of maintaining those offices. During the same biennium, UNIDO's budget had been reduced by 20 per cent. With limited resources, it was not possible to provide additional staff or expertise to the field offices. As indicated in the proposed budget for the biennium 2002-2003, the funds allocated to field offices would stabilize. Only one field

office, the Nigerian office, had been strengthened, on a pilot basis, with additional technical staff to implement the integrated programme, with the regional director acting as team leader.

91. The representative of Japan had referred to the opening and closing of field offices. Immediately after the Director-General had taken office, UNIDO had been asked to establish 30 country offices. While some of the 30 offices had been converted to regional offices, regional offices were basically country offices with additional staff and functioned as regional technical centres. Regional offices were not a level between Headquarters and country offices. There had been no offices in Burkina Faso, Eritrea or Mali. Junior Professional Officers might have been stationed there, but Junior Professional Officers were funded by donor countries and were placed in UNDP offices to work for UNIDO. Once their two- or three-year assignment ended, they left the country in which they had been stationed and their services were no longer available.

92. **Mr. SHIN Sung-won** (Republic of Korea) asked why the staff of the field offices in Nigeria and India had been increased while several other offices had been closed.

93. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) said that there were 30 field offices. Nine of those offices had been converted to regional offices, and each regional office would have, in addition to a director, two technical staff. The Indian regional office consisted of the director, two international staff who were still to be recruited and two national staff provided and financed by the Indian Government. Similarly, in Nigeria there were two senior international technical staff and two additional staff who had been assigned to implement integrated programmes. The Nigerian Government had also funded some national officers.

94. **Mr. SINGAPHI** (South Africa) said that the issue of field representation was of great interest to South Africa, which had recently joined UNIDO. The Government of South Africa was open to further discussions with the Secretariat with a view to ensuring the successful implementation of programmes.

The meeting rose at 12.55 p.m.

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Industrial Development Board

Twenty-fourth session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 20 June 2001, at 3 p.m.

President: Mr. HOSSEINI (Islamic Republic of Iran)

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The meeting was called to order at 3.30 p.m.

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES (IDB.24/16 and Add.1)

1. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the current globalization process risked marginalizing a number of developing countries. Sustainable industrial development could play a significant role in the achievement of the goal set in the United Nations Millennium Declaration, to which the Director-General's report (IDB.24/16 and Add.1) referred. The Group of 77 and China commended the participation by the Secretariat in the preparations for the Third United Nations Conference on the Least Developed Countries (LDC III) and in the Conference itself. UNIDO should continue the follow-up process in the interests of poverty alleviation.

2. With regard to country-specific activities, he noted that, in spite of a decline of $2.4 million in total technical cooperation delivery to the least developed countries (LDCs) in the year 2000, the increase in donor funds—up by $2.3 million from March 1999—would at least enable the level of delivery to be maintained in 2001.

3. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union and the candidate countries Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, said that the Union appreciated the Secretariat's active participation in LDC III, which had clearly demonstrated the need to address supply-side constraints and the strengthening of productive capacities in order to integrate LDCs into the global economy and fight poverty. It was important that UNIDO should play an active and visible role in the fight for poverty eradication. It should therefore continue to focus its activities on achieving the targets listed in the United Nations Millennium Declaration. In particular, given the disturbingly slow development rate of LDCs, UNIDO should concentrate on Africa, where the majority of LDCs were to be found. Special attention should be paid to vulnerable groups, such as women, in order to reduce poverty.

4. The European Union welcomed the interest shown by Member States in some of UNIDO's integrated programmes for LDCs. The Organization's other programmes, however, especially "stand-alone" projects, should also focus increasingly on the needs of the poorest countries.

5. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the help provided by UNIDO to the LDCs to facilitate their integration into the world economy and eradicate extreme poverty through sustainable industrial development was crucial. The integrated technical cooperation programmes played a particularly important role, since they promoted productive capacity, strengthened industrial development and encouraged technology transfer. UNIDO should continue with such programmes, which could give a new impetus to developing countries, hampered as they were by chronic recession and a progressive loss of competitiveness. UNIDO should systematize successful experiences and models of sustainable industrial development, taking account of the specific conditions in each country, so that strategic alliances with other international or regional bodies could be established. GRULAC called on all Member States to contribute to the mobilization of the funds needed to implement the integrated programmes.

6. **Mr. DE JESUS FIGUEIREDO** (Observer for Angola), speaking on behalf of the African Group, commended the Secretariat's participation in LDC III and urged that the appropriate follow-up actions should be taken to ensure the implementation of the Programme of Action. As for country-specific activities, increased efforts should be made to implement the integrated programmes, which had been impeded by financial constraints. More activities should be undertaken in countries in especially urgent need of assistance. The African Group also requested developed countries to increase their voluntary contributions to programmes and projects in LDCs.

7. **Mr. ZHANG Yishan** (China) said that his Government had always supported UNIDO's efforts to help LDCs develop their economies, achieve industrialization and eradicate poverty. He noted with pleasure that the year 2000 had seen improved cooperation with LDCs, together with more integrated programmes, stronger field representation, global forum activities, the promotion of industrial investment and the training of personnel. Increasing globalization, however, put developing countries—and particularly LDCs—at a disadvantage, owing to the shortage of development funds, the debt burden and worsening terms of trade. UNIDO should therefore play a stronger role, adopting effective measures to mobilize more resources for both integrated programmes and stand-alone projects to promote sustainable industrial development. LDCs could then enhance their competitive capabilities and improve their quality of life through gradual integration into the global economy. He urged developed countries to demonstrate their political will by putting into effect their commitments made at the United Nations Millennium Assembly, implementing the Programme of Action of LDC III and helping LDCs emerge from poverty.

8. **Ms. PHEKO** (Lesotho) said that Africa was a large continent with four distinct regions. It had been stated that the bulk of UNIDO resources under integrated programmes went to Africa, but in fact the assistance in question went only to west Africa. Countries such as hers, in southern Africa, were faithfully paying their dues so that other African regions could benefit. Those dues came from very poor taxpayers who were looking to UNIDO to alleviate their poverty, yet programmes to benefit southern Africa were shelved. She wondered how long that region would have to wait.

9. **Mr. AYELE** (Ethiopia) said that the issues raised by the Group of 77 and China and, in particular, by the African Group, should be seriously addressed. It was a matter of real concern that African representation in the general and higher management of UNIDO was in decline, which reflected UNIDO's attitude to Africa. It was for that reason that the Organization of African Unity Summit of Heads of State and Government and the Council of Ministers had unanimously decided to submit an African candidate for the post of Director-General.

10. UNIDO should stress LDCs, which were mostly located in Africa, in its efforts to alleviate poverty and integrate countries in the global economy. Although over half the integrated programme in Ethiopia was funded, for which he expressed appreciation to donors and the UNIDO team, the general decline in the delivery of technical cooperation programmes to LDCs in 2000 was a matter of concern. Moreover, a significant number of the funded programmes were only preparatory and the funding for some major substantive programmes was not yet secured. Obviously, the preparatory parts of programmes made no impact on their own; they must be followed up by the implementation of the substantive element. Sustained efforts must therefore be made to mobilize funding for the implementation of the substantive programmes. The cooperation of donors and funding agencies was crucial. Lastly, he expressed concern over the slow progress in decentralizing UNIDO activities to the field. Although it had been long ago decided to transform the country office in Ethiopia into a subregional office, action on the ground had yet to be taken.

11. **Mr. ABDULAATI** (Libyan Arab Jamahiriya) said it was very important that UNIDO should continue to focus on the industrialization of LDCs, especially in Africa, where most of them were located. Although in 2000 UNIDO had succeeded in laying the foundations for a number of projects in African LDCs, the shortage of available resources was a matter for concern. He therefore urged the Organization to find new ways of mobilizing resources. Donor countries, meanwhile, should maintain their commitment to providing assistance for LDCs. African countries, too, should continue their cooperation with UNIDO in the interests of industrializing the continent. The presence of a number of African ministers testified to the wide support enjoyed by UNIDO on the continent. Lastly, he urged UNIDO to continue its support for the Second Industrial Development Decade for Africa, which was due to end in 2002.

12. **Mr. MELAGA** (Observer for Cameroon) noted that UNIDO had continued to give priority to Africa through the drawing up of new integrated programmes and the intensified implementation of existing programmes, the opening of the Regional Industrial Development Centre in Nigeria to provide technical support for the countries of west and central Africa, the promotion of industrial investment and global forum activities. However, those activities would produce results only if the necessary funds were available. He therefore appealed to the international community to provide greater international support for UNIDO's activities. The Director-General's report also showed that the African countries had continued their efforts to end their marginalization. In that context, the Bureau of the Conference of African Ministers of Industry (CAMI) had considered two basic questions at its second meeting at Dakar in November 2000. The first was what mechanism could be found, following the end of the Second Industrial Development Decade for Africa, to promote the cause of Africa in the context of an international economy dominated by the phenomenon of globalization. Secondly, it had wondered how the role of CAMI could be strengthened to enable it to take the lead in the industrialization of Africa by proposing industrial policies and mobilizing financial resources. The question would be further considered at the fifteenth session of CAMI, to be held at Yaoundé in October 2001. An agreement between his Government and UNIDO concerning the organization of the session, to which all participants in the twenty-fourth session of the Board were cordially invited, had already been signed.

13. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division), acknowledging the appreciation which had been expressed for the Secretariat's action in all the activities related to LDC III, held in Brussels in May 2001, said that UNIDO's participation had been extensive and, due largely to its involvement, the building of productive capacity had been brought to the forefront as a theme, because the LDCs could not have market access unless they had inbuilt productive capacity. That recognition was a considerable achievement for the Secretariat, which would keep the Board informed of follow-up activity to LDC III.

14. The least developed countries and Africa had been the main focus of UNIDO's activities. Fifteen of UNIDO's integrated programmes were in LDCs and

their total value was $74.9 million, for which $31.1 million had been authorized in a period of two years. Of the 14 integrated programmes in Africa, 9 were in LDCs.

15. With regard to Africa being marginalized, he said that as far as the integrated programmes were concerned, as directed by the Business Plan on the Future Role and Functions of UNIDO and by Member States, the Secretariat had been emphasizing projects in Africa, and especially in LDCs.

16. UNIDO was fully involved in the CAMI process, but some adjustment would have to be made because one of the partners would be leaving CAMI. Nevertheless, UNIDO's support for the CAMI process would continue because the Organization's business was mostly in Africa and in the LDCs.

ADMINISTRATIVE MATTERS (IDB.24/13, IDB.24/CRP.4)

17. **Mr. AYELE** (Ethiopia), supported by **Mr. DE JESUS FIGUEIREDO** (Observer for Angola), speaking on behalf of the African Group and referring to appendix I. of the Annual Report 2000 (IDB.24/2), said that the continuing marginalization of Africa could be seen when one analysed the structure of the Secretariat. There were three managing directors at the D-2 level, none of whom were from Africa. None of the higher-level posts in the Office of the Director-General were occupied by Africans. There were only three African managers in the Secretariat at D-1 and P-5 level; two former African managers had been replaced by staff members from other regions. Appendix I. of the Annual Report did not reflect the reality, and its analysis was ambiguous. In short, Africa was not represented at management levels.

18. Ethiopia fully shared the view that qualification should come before geographical distribution if UNIDO was to be a strong organization which could discharge its responsibilities effectively, but recent events had clearly shown that qualified Africans were marginalized. It was time for a change. African representatives, five of whom were ministers of industry, requested the full support of Board members for the candidacy of Mr. Ablassé Ouédraogo of Burkina Faso for the post of Director-General. Mr. Ouédraogo, who was currently Deputy Director-General of the World Trade Organization, had served and occupied various posts in other international development organizations, including UNIDO, and had served his country for a long period as Minister for Foreign Affairs. His qualifications and extensive relevant experience were the sole reason why the summit meeting of the Organization of African Unity had endorsed his candidacy.

19. Finally, Ethiopia requested that the Business Plan and other commitments given to Africa be implemented in deeds.

20. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Secretariat's Professional category posts played an important and pivotal role in developing and advancing UNIDO's goals. In that light, the Group of 77 and China called upon the Secretariat to make every effort to ensure equitable geographical distribution of the Professional staff in the Secretariat. They also requested the Secretariat to make efforts to achieve a better gender balance, especially among the Professional staff. In addition, they recommended the Secretariat to distribute vacancy announcements to Member States at least two months before the application deadline, so as to give them reasonable time to find an appropriate candidate for the position concerned.

21. **Mr. TOUQ** (Observer for Jordan), speaking on behalf of the Asian Group, said that the Group strongly believed that transparency in recruiting Secretariat staff was essential in view of the fact that the staff in the Professional category played a pivotal role in advancing UNIDO's goals. In that regard, the Group urged the Secretariat to make every possible effort to achieve as broad a distribution of Professional staff positions as possible among Member States. The Group also asked that efforts should be made to achieve a better gender balance, especially among the Professional staff, and that vacancy announcements should be distributed at least two months before the application deadline so as to give States reasonable time to find appropriate candidates.

22. **Mr. ABE** (Japan) said that his Government supported the revision of the staff rules and regulations as described in document IDB.24/13. Concerning the candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2002-2003, his delegation would be ready to renominate Mr. Yuji Amamiya, first secretary of the Permanent Mission of Japan, as well as the present members of the Committee, if no other candidate was presented from other Member States.

23. **Mr. CHOI Sang-duk** (Republic of Korea) said that his delegation supported the continuing reform efforts aimed at making UNIDO an ever more relevant and result-oriented organization, and in particular wished to encourage UNIDO to undertake an overhaul of its financial and human resources management. In addition, his delegation believed that transparency in recruiting Secretariat staff was of the utmost importance, as its Professional staff played an essential

role in promoting the Organization's goals. His delegation asked the Secretariat to maintain the geographical distribution of the Professional staff and seek to achieve as broad as possible a distribution of Professional staff positions among the Member States.

24. **Mr. ABDULAATI** (Libyan Arab Jamahiriya) supported UNIDO's administrative reform process and called for its continuation in close cooperation with Member States. He reiterated his country's full support for administrative rationalization, while noting with deep concern the drop in the level of African representation and the absence of women in higher-level Secretariat posts. He drew the Secretariat's attention to the need to inform Member States of vacancy announcements well in advance in order to enable them to present candidates in time.

25. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) said that the Constitution of UNIDO required that the paramount consideration in the employment of staff and in determining conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity. It also stated that due regard should be paid to the importance of recruiting staff on a wide and equitable geographical basis. For a technical, specialized agency, the prime consideration was the requirement of the job, and when that was satisfied the question of geographical distribution could be considered. As of 1 May 2001, UNIDO had 247 Professional staff, both at Headquarters and in the field. Of those, 13 per cent were from the Asia-Pacific region, 14 per cent were from Africa, 11 per cent were from Latin America and the Caribbean and 13 per cent were from Eastern Europe and the Newly Independent States; 44 per cent were from the Western European and Other States and 5 from non-member States. As for senior posts at the D-2 and D-1 levels, the Asia-Pacific region had 5, Africa had 6, Latin America and the Caribbean had 7 and Eastern Europe and the Newly Independent States had 4; the Western European and Other States had 18 and non-member States 1. There was little distinction between the representation of Africa and the representation of other developing regions. The region with the highest representation was where the levels of competence and technical sophistication were highest and where the States concerned were the Organization's major sources of funding. Those factors had influenced staffing, although they would change over time. In any event, the situation was fluid. Subject to the condition that a candidate was technically qualified, the Secretariat tended to give preference to a candidate from a region that was under-represented. Recruitment by the Secretariat should be absolutely transparent. All posts were filled through vacancy announcements, which appeared immediately on UNIDO's web site and copies of which were immediately sent to embassies. The normal deadline was three weeks, and applications were subject to an elaborate screening process to ensure that selection was as fair and objective as possible.

ACTIVITIES OF THE JOINT INSPECTION UNIT (IDB.24/18)

26. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group had taken note of document IDB.24/18, bearing in mind United Nations General Assembly resolution 50/233, which set forth the principle that the impact of the Joint Inspection Unit (JIU) on the cost-effectiveness of activities within the United Nations system was a shared responsibility of the Member States, JIU and the various secretariats. The Group agreed to the establishment of the system of follow-up to approved JIU reports through policy-making organs, and was of the opinion that a mechanism should also be established so that Member States might have a role in implementation of the JIU report.

27. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group, said that the importance of internal and external oversight activities should be highlighted, and in that regard JIU had a central role as an external monitoring body for the United Nations system. GRULAC wished to underline the principle contained in General Assembly resolution 50/233 that the impact of JIU on the cost-effectiveness of activities was a shared responsibility of the Member States, JIU and the secretariat concerned. GRULAC welcomed the pilot scheme described in document IDB.24/18 for follow-up to JIU recommendations. The Group drew particular attention to paragraph 2 of the document, which stated that the provisions of the JIU statute and the follow-up system contained in document A/52/34 constituted the basic framework for the handling of JIU reports.

28. Speaking as the representative of Peru, he said that his delegation had taken note of document IDB.24/18 and felt that the Board should endorse the pilot scheme on the understanding that it would be reviewed in the light of results obtained in practice. Peru believed that such a review should be undertaken in consultation with JIU and with the participation of Member States.

29. **Mr. ABE** (Japan) said that there were problems in the management of UNIDO, as had been pointed out by

JIU, the External Auditor and others concerned. The Board should seriously address those problems, and in that context his Government considered that the use of JIU reports was of great importance. By giving them serious consideration, UNIDO should be able to improve transparency, consistency and the efficiency of its management. For that reason, his Government welcomed and supported the pilot scheme on the basic framework for the handling of JIU reports outlined in document IDB.24/18, and hoped that it would prove a good way of solving managerial problems in UNIDO. The Government of Japan urged the senior management of UNIDO to face up to that task.

30. **Mr. KUYAMA** (Joint Inspection Unit), thanking previous speakers for their positive comments on document IDB.24/18, said that once the pilot scheme was implemented it was expected to enhance the cost-effectiveness and impact of JIU activities, and should serve as a model for organizations that had not yet adopted such a scheme.

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (IDB.24/24 and Add. 1)

31. **The PRESIDENT** said that, in accordance with the guidelines for consultative status for non-governmental organizations (NGOs), the Bureau had examined the applications contained in document IDB.24/24 and Add.1 and found them to be in order. On behalf of the Bureau, he would therefore be presenting a draft decision on the subject to the plenary for its consideration.

32. **Mr. ABE** (Japan) said that his Government attached great importance to coordination with States, international organizations and NGOs, and therefore supported the implementation of UNIDO programmes in cooperation with the Japan International Cooperation Agency (JICA). Japan would encourage UNIDO to promote such cooperation further in order to utilize limited funds effectively.

The meeting rose at 4.40 p.m.

Distr.
GENERAL

IDB.24/SR.5
13 July 2001

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Twenty-fourth session

SUMMARY RECORD OF THE 5th MEETING*

Held at the Vienna International Centre, Vienna,
on Thursday, 21 June 2001, at 10 a.m.

President: Mr. HOSSEINI (Islamic Republic of Iran)

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13	Recommendation of a candidate for the post of Director-General	1-12

* No summary record was issued for the private section of the meeting.

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V.01-85190 (E)

Distr.: 23 July 2001

The meeting was called to order at 10.25 a.m.

RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL (IDB.24/14, IDB.24/17)

1. **Mr. FIGUEROA** (Argentina) said that the nomination of Mr. Magariños for re-election as Director-General, submitted by the Argentine Government and endorsed by the Latin American and Caribbean Group (GRULAC), reflected the view of many delegations from all five regional groups that he should be enabled to complete the mandate assigned to him under the Business Plan on the Future Role and Functions of UNIDO and to build on the undoubted success of the first stage of rationalization and restructuring, which he had led with skill and efficiency, intelligence and imagination, drawing on his technical expertise, depth of experience and youthful vigour. The Argentine Government understood Africa's aspiration to fill the post, in keeping with the principle of geographical rotation, a principle supported by Argentina as important. However, exceptions had been made to that principle in the past. Had his Government thought for a moment that a second term of office of the Argentine candidate might be prejudicial to the African region, it would have withdrawn the nomination. His country's abiding desire was to promote friendship and solidarity with the peoples of Africa and to see UNIDO fully assume its vital role in enabling a vast proportion of the world's population, those in developing countries and countries with emerging economies, to enjoy the quality of life to which they were entitled.

2. **Mr. YODA** (Burkina Faso) said that, while tribute should be paid to Mr. Magariños for having steered UNIDO through a period of harsh sacrifices and for his successful implementation of its reform, Africa regrettably saw the Organization now stagnating and becoming self-serving. The Heads of State and Government of Africa had accordingly decided to present a candidate for the post of Director-General who would bring a new vision, a new start and a new dynamism to UNIDO, an African candidate whose skill, charisma, experience and straightforwardness would restore confidence in the Organization. The candidature of Mr. Ouédraogo was in effect the candidature of all those who wished to see their productive capacities strengthened to meet the challenges of the global market. What Africa aspired for was a partnership between the industrialized countries and the developing countries and countries in transition, aimed at reducing poverty worldwide and creating better conditions for achieving sustainable development. Mr. Ouédraogo assuredly possessed the experience and qualifications required to lead UNIDO and to translate those aspirations into achievements. Africa, in a spirit of solidarity, had, under a gentleman's agreement concluded at the time of the present Director-General's election in 1997, yielded in favour of the Latin American candidate for a four-year period only.

The public meeting was suspended at 10.45 a.m and called to order again at 12.45 p.m.

3. **The PRESIDENT** invited the Board to consider the following draft decision:

"The Industrial Development Board, acting in accordance with Article 11.2 of the Constitution, decides to recommend to the General Conference the appointment of Mr. Carlos Alfredo Magariños as Director-General of UNIDO for a period of four years from 8 December 2001 or until the Director-General appointed at the eleventh regular session of the General Conference assumes office, whichever is later."

4. *The draft decision was adopted.*

5. **The PRESIDENT** offered his congratulations to the successful candidate and submitted to the Board the draft contract establishing the terms and conditions of appointment of the Director-General, contained in the annex to document IDB.24/14. If he heard no objection, he would take it that the Board was in agreement with the terms of the draft contract and wished to recommend it to the General Conference for approval.

6. *It was so decided.*

7. **Mr. FIGUEROA** (Argentina), speaking on behalf of GRULAC, thanked the President for the professional manner in which he had conducted the election. He also wished to thank those members of the Board who had supported his Group's candidate.

8. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, congratulated Mr. Magariños on his election as the Board's candidate. The result of the election had demonstrated the Board's recognition of the Director-General's achievements during his first term, particularly his implementation of reforms.

9. **Mr. SAVANE** (Observer for Senegal) said that, as Chairman of the Bureau of the Conference of African Ministers of Industry, he wished to congratulate the Director-General on his election. He also wished to thank those who had supported Mr. Ouédraogo. In putting forward a candidate for the election, the African Group had wished to express its will to industrialize. He trusted that the Director-General would take due account of the concerns that had been expressed by African States with regard to the work of UNIDO. The results of the Organization's efforts, particularly with respect to the mobilization of funds, should be much

more significant than they had been in recent years. Finally, it was essential that UNIDO should give priority to the industrialization of Africa.

10. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union, congratulated the Director-General on his election. The European Union supported the ongoing reforms in UNIDO and the priorities set out in the 1997 Business Plan. While maintaining its universal character, the Organization should focus on the least developed countries, particularly those in Africa.

11. **Mr. ABE** (Japan) congratulated Mr. Magariños on his election and said that his Government would continue to support the Director-General's efforts to continue the reform process within UNIDO. The Government of Japan was strongly committed to African development, and it would contribute $3 million over the coming years to efforts to combat contagious diseases. The Japanese Government also intended to contribute $15 million to the development of information technologies, which would be paid in instalments over the next few years, and $3.8 million had been earmarked for a programme to assist the highly indebted poor countries. Japan was currently preparing to host the third International Congress for African Development and, in that context, expected close cooperation between the African countries participating in the Congress and UNIDO. The Director-General should continue to attach high priority to Africa, as indicated in the Business Plan.

12. **Mr. YODA** (Burkina Faso) congratulated the Director-General on his election and thanked the African countries for supporting the candidate from Burkina Faso and the election process as a whole. He hoped that the Director-General and the international community had understood the message that African and other countries had tried to send during the election process—namely, that there should be a greater commitment to Africa's industrialization, to its access to world markets and to reducing poverty in sub-Saharan Africa.

The meeting rose at 1.05 p.m.

The meeting was called to order at 3.25 p.m.

PREPARATIONS FOR THE NINTH SESSION OF THE GENERAL CONFERENCE (IDB.24/21; IDB.24/CRP.8)

1. **Ms. ORLOWSKI** (Secretary of the Board) said that document IDB.24/21 contained background information on the preparatory and organizational aspects of the ninth session of the General Conference, to be held in Vienna from 3 to 7 December 2001. It also contained a draft provisional agenda for the Conference, to be adopted by the Board at its present session in its capacity as the preparatory body for the General Conference. The Board should also take note of the proposal to hold, as at the previous General Conference session, an industrial development forum enabling Member States to express their views on a topic to be announced at a later date. The suggested decision on the item, contained in paragraph 12 of document IDB.24/21, could be examined in informal consultations.

2. **Mr. KORNEEV** (Russian Federation) said that the industrial development forum held at the previous General Conference session had been attended by organizational difficulties for some delegations. In preparing for the forthcoming forum, the Secretariat should bear in mind that not all the guests invited to attend would be members of national delegations.

3. **Mr. BERG** (Sweden), noting that the appointment of the Director-General appeared as item 18 of a twenty-item draft provisional agenda for the General Conference, asked why that item would be taken up at such a late stage in the proceedings.

4. **Ms. ORLOWSKI** (Secretary of the Board) said that the Secretariat had taken due note of the suggestion made by the representative of the Russian Federation. As to the order of the agenda items, their numerical order did not necessarily reflect the order in which they would be taken up at the General Conference.

5. **The PRESIDENT** said that the decisions to be taken would be the subject of informal consultations.

PROVISIONAL AGENDA AND DATE OF THE TWENTY-FIFTH SESSION

6. **The PRESIDENT** suggested that the Board refer the item to informal consultations to be held for the purpose of considering adoption of a draft decision.

7. *It was so agreed.*

The meeting rose at 3.35 p.m.

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13 July 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-fourth session

SUMMARY RECORD OF THE 7th MEETING

Held at the Vienna International Centre, Vienna,
on Friday, 22 June 2001, at 4 p.m.

President: Mr. HOSSEINI (Islamic Republic of Iran)

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The meeting was called to order at 4.25 p.m.

INTRODUCTION OF DRAFT DECISIONS (IDB.24/L.2-L.14)

1. **The PRESIDENT** said that a number of draft decisions discussed in informal consultations under the chairmanship of Mr. Pittaluga Fonseca (Uruguay) were before the Board.

2. **Mr. PITTALUGA FONSECA** (Uruguay), speaking as chairman of the informal consultations, said that the 13 draft decisions before the Board were the work of four meetings. Unfortunately, it had not been possible to reach consensus on a scale of assessments. Three main opinions had been expressed as to the scale that should be recommended to the General Conference. The European Union had proposed a scale of assessments based on columns 3 and 4 in the annex to document IDB.24/5; the Group of 77 and China, with the support of the Republic of Korea, had proposed a scale based on column 7 in that annex; and Japan had proposed a scale based on columns 5 and 6 in the same annex. It was proposed that a text to that effect should be inserted in chapter III D of the report of the session, on the scale of assessments for apportionment of the regular budget expenses.

3. **The PRESIDENT** said that he was submitting the 13 draft decisions approved by consensus in the informal consultations as drafts of the President for consideration by the Board.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2000 ON THE ACTIVITIES OF THE ORGANIZATION (*continued*) (IDB.24/2 and Corr.1 and Add.1)

4. **The PRESIDENT** said that no draft decision had been submitted under the item. He proposed that the Board should take note of the documentation provided by the Secretariat on the subject.

5. *It was so decided.*

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (*continued*) (IDB.24/4, IDB.24/5, IDB.24/6, IDB.24/7 and Add.1, IDB.24/8, IDB.24/9, IDB.24/10, IDB.24/11, IDB.24/20, IDB.24/22 and IDB.24/25; IDB.24/CRP.2; IDB.24/L.2, L.3, L.4, L.5, L.6, L.11, L.12 and L.13)

6. **The PRESIDENT** said that eight draft decisions had been submitted under the item.

Interim financial performance report and programme performance report for the biennium 2000-2001 (IDB.24/6)

7. **The PRESIDENT** said that no draft decision had been submitted under the subheading indicated above. He proposed that the Board should take note of the documentation provided by the Secretariat on the subject.

8. *It was so decided.*

Financial situation of UNIDO (IDB.24/8; IDB.24/CRP.2; IDB.24/L.6 and L.13)

9. **The PRESIDENT** drew attention to draft decision IDB.24/L.6.

10. *The draft decision was adopted.*

11. **The PRESIDENT** drew attention to draft decision IDB.24/L.13, entitled "Financial situation, including arrears—terms of payment plan for Ukraine".

12. **Mr. PITTALUGA FONSECA** (Uruguay), speaking as chairman of the informal consultations, said that paragraph (f) of the draft decision should read: "Notes that the payment plan, which is subject to the timely payment of arrears, should be agreed as close as possible to a five-year period but not exceed a term of 15 years".

13. **Mr. UMER** (Pakistan) thought that the reference to "a five-year period" in paragraph (f) was confusing. It would be sufficient to say "should not exceed a term of 15 years".

14. **Mr. PITTALUGA FONSECA** (Uruguay), speaking as chairman of the informal consultations, said that reference needed to be made to the maximum period of five years laid down in document IDB.19/12. The present decision constituted an exception to that time frame.

15. **Mr. SHOUKRY** (Egypt) proposed the wording "within a period of 5 to 15 years".

16. **Mr. FREEMAN** (United Kingdom) said that that would give the misleading impression that it was a matter of indifference when, within the time frame of between 5 and 15 years, the arrears were paid. The existing formulation should be retained.

17. **Mr. UMER** (Pakistan) said that he would withdraw his proposal. However, in the light of paragraph (e), he thought that the word "agreed" in paragraph (f) should be deleted.

18. **Mr. PAULINICH** (Peru) said that the deletion of the word "agreed" would represent a vote of confidence in the Director-General.

19. **Mr. PITTALUGA FONSECA** (Uruguay), speaking as chairman of the informal consultations, agreed that the word "agreed" could be deleted.

20. *It was so decided.*

21. *Draft decision IDB.24/L.13, as orally revised and amended, was adopted.*

Programme and budgets, 2002-2003 (IDB.24/3 and IDB.24/22; IDB.24/L.2)

22. **The PRESIDENT** drew attention to draft decision IDB.24/L.2.

23. *The draft decision was adopted.*

Scale of assessments for apportionment of the regular budget expenses (IDB.24/5; IDB.24/L.12)

24. **The PRESIDENT** drew attention to draft decision IDB.24/L.12, entitled "Scale of assessments for Member States".

25. *The draft decision was adopted.*

Working Capital Fund for the biennium 2002-2003 (IDB.24/4; IDB.24/L.3)

26. **The PRESIDENT** drew attention to draft decision IDB.24/L.3.

27. *The draft decision was adopted.*

Financial regulations (IDB.24/11; IDB.24/L.4)

28. **The PRESIDENT** drew attention to draft decision IDB.24/L.4.

29. **Mr. PITTALUGA FONSECA** (Uruguay), speaking as chairman of the informal consultations, said that the words "with a view to submitting" in paragraph (d) should read "to submit".

30. *The draft decision, as revised, was adopted.*

Introduction of the euro (IDB.24/10; IDB.24/L.5)

31. **The PRESIDENT** drew attention to draft decision IDB.24/L.5.

32. *The draft decision was adopted.*

Follow-up to the report of the External Auditor for the biennium 1998-1999 (IDB.24/9)

33. **The PRESIDENT** said that no draft decision had been submitted under the subheading. He proposed that the Board should take note of the documentation provided by the Secretariat on the subject.

34. *It was so decided.*

Appointment of external auditor (IDB.24/7 and Add.1; IDB.24/L.11)

35. **The PRESIDENT** said that, rather than resorting to the voting procedure, he was intending to continue the informal consultations he had conducted with the candidates' delegations with a view to coming up with an appropriate recommendation for the General Conference. He was thus submitting for consideration by the Board the draft decision contained in document IDB.24/L.11.

36. **Mr. UMER** (Pakistan) proposed that the word "informal" before the word "consultations" in paragraph (c) should be deleted.

37. *It was so decided.*

38. *The draft decision, as amended, was adopted.*

FINANCING UNIDO PROGRAMMES, INCLUDING NEW INITIATIVES FOR FUNDS MOBILIZATION (*continued*) (IDB.24/19)

ENVIRONMENT-RELATED ACTIVITIES (*continued*) (IDB.24/12)

FIELD REPRESENTATION (*continued*) (IDB.24/15; IDB.24/CRP.5)

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES (*continued*) (IDB.24/16 and Add.1)

39. **The PRESIDENT** said that as no draft decisions had been submitted under those four items, he proposed that the Board should take note of the documentation provided by the Secretariat.

40. *It was so decided.*

ADMINISTRATIVE MATTERS (*continued*) (IDB.24/13; IDB.24/CRP.4; IDB.24/L.7)

41. **The PRESIDENT** drew attention to draft decision IDB.24/L.7 on "Personnel matters". The names of any further candidates proposed by delegates from

the Latin American and Caribbean Group (GRULAC) or list D for the post of alternate member of the Staff Pension Committee for the biennium 2002-2003 would be inserted at a later date.

42. *On that understanding, the draft decision was adopted.*

ACTIVITIES OF THE JOINT INSPECTION UNIT (*continued*) (IDB.24/18; IDB.24/L.14)

43. **The PRESIDENT** drew attention to draft decision IDB.24/L.14.

44. *The draft decision was adopted.*

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (*continued*) (IDB.24/24 and Add.1; IDB.24/L.8)

45. **The PRESIDENT** drew attention to draft decision IDB.24/L.8, on "Applications from non-governmental organizations for consultative status".

46. *The draft decision was adopted.*

PREPARATIONS FOR THE NINTH SESSION OF THE GENERAL CONFERENCE (*continued*) (IDB.24/21; IDB.24/CRP.8; IDB.24/L.9)

47. **The PRESIDENT** drew attention to draft decision IDB.24/L.9.

48. *The draft decision was adopted.*

PROVISIONAL AGENDA AND DATE OF THE TWENTY-FIFTH SESSION (*continued*) (IDB.24/CRP.3; IDB.24/L.10)

49. **The PRESIDENT** drew attention to draft decision IDB.24/L.10.

50. *The draft decision was adopted.*

ADOPTION OF THE REPORT (IDB.24/L.1)

51. **Mr. JANSSENS DE BISTHOVEN** (Belgium), Rapporteur, introducing document IDB.24/L.1, said that it merely represented the framework of the report. The final version would be compiled in close consultation with the Friends of the Rapporteur and would duly reflect the proceedings of the session.

52. **The PRESIDENT** said that, if he heard no objection, he would take it that the Board wished to adopt the draft report as a whole on the understanding that the Rapporteur would finalize it in consultation with the Friends of the Rapporteur as soon as possible after the closure of the session.

53. *It was so decided.*

CLOSURE OF THE SESSION

54. **Mr. SPINA** (President of the Staff Council) congratulated the Board on its decision to recommend to the General Conference the reappointment of the current Director-General, Mr. Carlos Magariños. It would have been beyond the powers of any mortal, however brilliant or dynamic, to transform UNIDO in only four years. The staff of UNIDO therefore believed that, for its own reasons, the Board had made its choice and the staff had no doubt that, after four more years, a totally new UNIDO would emerge, one attuned to the needs of developed and developing countries alike. Staff congratulated the Director-General. He was still young and no doubt had a brilliant career ahead. Staff pledged to continue supporting, as they had been doing during his first term of office, the Director-General's efforts to make UNIDO a more transparent and efficient organization, and to continue the recently started dialogue on how best to develop and implement a transparent and therefore credible human resources management framework. One element of that framework would address the issue of career development of staff in both the General Service and Professional categories. The majority of UNIDO's staff members were older than the Director-General. That did not, however, mean that they believed their careers had come to an end. Just like their Director-General, they still had their aspirations and sometimes dreams. The Staff Council asked the Director-General to pledge his support for the advancement of his staff's careers.

55. **Mr. FREEMAN** (United Kingdom) congratulated Mr. Magariños on his election as the candidate for a further term as Director-General. Under his stewardship, important work lay ahead of the Organization. All Member States and the Secretariat must rededicate themselves to the process of reform and modernization of the Organization, further developing its focus in ways appropriate to the first years of the twenty-first century. With that in mind, the United Kingdom, and specifically its Department for International Development, had, in consultation with the Secretariat and others, developed an institutional strategy paper on UNIDO, pointing the way for the future of the Organization as seen through the eyes of the United Kingdom. He invited delegations to study the paper, which was available at the documents desk.

56. **Mr. AYELE** (Ethiopia) thanked the President for his skilful conduct of the session and congratulated Mr. Magariños on his election. His delegation was confident that the Director-General would be able to implement planned programmes, ensure the due

representation of Africa in higher levels of management and upgrade some field offices to subregional offices.

57. It had been very encouraging to hear the concerns expressed by Africa's development partners about the difficulties that Africa in general and the least developed countries in particular were experiencing. His delegation wished to thank Japan, the European Union and others that had demonstrated their readiness to strengthen North-South cooperation. The African countries would do their utmost to cooperate with UNIDO in the interests of the development of their continent.

58. **Mr. HASSAN** (Sudan), speaking on behalf of the African Group, congratulated the Director-General on his election. The nomination of an African candidate for the post of Director-General had been an expression of the African countries' commitment to the objectives of UNIDO.

59. All the regional groups and the Group of 77 and China had stressed their interest in promoting the industrial development of the developing countries, in particular the least developed countries. The African Group was confident that the Director-General and UNIDO would continue their commitment to the industrialization of Africa. The African Group urged all Member States to support the Director-General in his efforts to complete the transformation of UNIDO and implement its objectives.

60. **Mr. PAULINICH** (Peru), speaking on behalf of GRULAC, congratulated the Director-General on his election. GRULAC was confident that, under the Director-General's wise guidance, UNIDO would continue the reform process. The reappointment of the Director-General would ensure the consistency of the Organization's activities and help the developing countries meet the challenge of sustainable development with the cooperation of all Member States. UNIDO must encourage South-South cooperation among Asia, Latin America and Africa; those regions had clearly demonstrated their unconditional commitment to the Organization.

61. **Mr. UMER** (Pakistan) congratulated Mr. Magariños on his election. Thanks to the Director-General's dedication and ability, the future of UNIDO was assured. However, the Organization's dwindling resources made it difficult for it to meet the increasing demands of Member States. His delegation hoped that the Director-General's experience and dedication to the cause of the sustainable development of the developing countries would enable him to strike a balance between the scarcity of resources and the expectations of Member States.

62. Although UNIDO and the donor countries had repeatedly stressed that Africa was a priority, the facts and figures did not support that assertion. Africa's needs and concerns must be fully met and its priority status must be reflected in actual delivery of technical cooperation. Asia was also a very poor continent, and many of its countries were in dire need of development assistance. While his delegation recognized and accepted the Organization's priorities, it hoped that Asia would also receive due attention.

63. **Mr. PALACIOS CEVALLOS** (Ecuador) congratulated Mr. Magariños on his election. Through his skill and tireless efforts, the Director-General had transformed UNIDO into a new and dynamic organization with a clear vision of its role in the twenty-first century. His delegation hoped that the Director-General would conduct a consistent policy in keeping with the relevant decisions of the Organization, as a contribution to creating a fairer world, especially for the developing countries, and promoting a spirit of harmony and international cooperation.

64. **Mr. TOUQ** (Observer for Jordan), speaking on behalf of the Asian Group, congratulated the Director-General on his election and hoped that he would continue his successful leadership of UNIDO in the interests of all Member States.

65. **Mr. BERG** (Sweden), speaking on behalf of the European Union, expressed his congratulations to the Director-General on his election and wished him success in continuing to carry out reforms in UNIDO. He thanked the President and the Bureau for their excellent conduct of the session.

66. **Mr. MAGARIÑOS** (Director-General) thanked Member States and the regional groups for their support and confidence. He would continue to place priority on the industrial development of Africa and the least developed countries and would work closely with the regional groups in order to maintain the existing spirit of harmony and cooperation. The success of the past four years had been due to UNIDO's implementation of its Business Plan, and he would continue consultations in order to ensure that UNIDO had a clear and well-defined framework for its activities. While the Organization would pursue its efforts to help Africa and the least developed countries combat poverty and marginalization, it would also address the problems of middle-income countries.

67. **The PRESIDENT** declared the twenty-fourth session of the Industrial Development Board closed.

The meeting rose at 5.35 p.m.